

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Tysan Holdings Limited.*



**TIDES HOLDINGS II LTD.**

*(Incorporated in the British Virgin Islands  
with limited liability)*

**TYSAN HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)  
(Stock Code: 687)*

**JOINT ANNOUNCEMENT**

**(1) POSSIBLE VOLUNTARY CONDITIONAL CASH OFFER BY  
BARCLAYS CAPITAL ASIA LIMITED**

**ON BEHALF OF**

**TIDES HOLDINGS II LTD.**

**TO ACQUIRE ALL THE ISSUED SHARES IN TYSAN HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY TIDES HOLDINGS II LTD.  
AND PARTIES ACTING IN CONCERT WITH IT),**

**AND**

**TO CANCEL ALL OUTSTANDING OPTIONS OF  
TYSAN HOLDINGS LIMITED**

**(2) SETTLEMENT AGREEMENT**

**(3) SPECIAL DEALS**

**(4) NOTIFIABLE AND CONNECTED TRANSACTIONS**

**AND**

**(5) RESUMPTION OF TRADING**

**Sole financial adviser to Tides Holdings II Ltd.**



## **INTRODUCTION**

The Offeror and the Company jointly announce that Barclays will, on behalf of the Offeror, subject to the satisfaction or waiver of the Pre-Conditions, make a voluntary conditional cash offer to (i) acquire all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it), and (ii) to cancel all outstanding Options. All references to the Offers in this announcement are references to the possible Offers which will be made if and only if the Pre-Conditions are satisfied or waived.

## **THE OFFERS**

### **The Share Offer**

The Share Offer will be made by Barclays on behalf of the Offeror on the following basis:

#### *Consideration of the Share Offer*

**For each Share ..... HK\$2.86 in cash**

The Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the Closing Date. Any dividends or other distributions the record date of which is before the Closing Date will be paid by the Company to the Shareholders who are qualified for such dividends or distributions.

### **The Option Offer**

As at the date of this announcement, there are 2,000,000 Options granted under the 2002 Share Option Scheme outstanding entitling the Optionholder to subscribe for 2,000,000 Shares at an exercise price of HK\$1.46 per Share. Such Options have an exercise period from 17 September 2010 to 16 September 2013. If at the time the Offeror makes the Share Offer any of such 2,000,000 Options remain outstanding, the Option Offer will be made by Barclays on behalf of the Offeror in accordance with Rule 13 of the Takeovers Code for the cancellation of all outstanding Options on the following basis:

*Consideration of the Option Offer*

**For cancellation of each Option .....HK\$1.40 in cash**

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

If at the time the Offeror makes the Share Offer there are any other outstanding Options apart from the 2,000,000 Options granted under the 2002 Share Option Scheme, the Offeror will extend the Option Offer to cover such outstanding Options and the consideration payable for the cancellation of such Options will be the “see through” price based on the Offer Share.

If at the time the Offeror makes the Share Offer there is no outstanding Option, the Option Offer will not be made by the Offeror.

The Offer Price of HK\$2.86 per Share represents a premium of approximately 10.0% over the closing price of HK\$2.60 per Share as quoted on the Stock Exchange on the Last Trading Day.

**CONFIRMATION OF FINANCIAL RESOURCES**

Assuming that all the outstanding Options are exercised before the close of the Offers and that the Share Offer is accepted in full, the maximum cash consideration for the Offers is approximately HK\$2,501,544,483. The Offeror intends to finance the consideration payable by the Offeror under the Offers with equity commitments from Blackstone Real Estate Partners Asia-NQ L.P. and Blackstone Real Estate Partners (Offshore) VII-NQ L.P.. Each of Blackstone Real Estate Partners Asia-NQ L.P. and Blackstone Real Estate Partners (Offshore) VII-NQ L.P. is ultimately controlled by The Blackstone Group L.P. The Blackstone Group L.P. is listed on the New York Stock Exchange. Blackstone is a global asset manager and provider of financial advisory services.

Barclays, the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers.

## **PRE-CONDITIONS TO THE OFFERS**

The making of the Offers by the Offeror is subject to the satisfaction or waiver of the following Pre-Conditions on or prior to the Long Stop Date:

- (1) the submission by the Offeror to, and acceptance by MOFCOM, under the Anti-Monopoly Law of the PRC in respect of the Offers and the clearance or deemed clearance (through the expiration of the relevant statutory time periods for review by MOFCOM) by MOFCOM under the Anti-Monopoly Law of the PRC of the Offers, on terms reasonably acceptable to the Offeror;
- (2) no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, public investigation or public enquiry, or enacted or made or publicly proposed, and there is no outstanding statute, regulation, demand or order that would make the Offers or any of the Special Deal Transactions void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions, limitations or obligations with respect to the Offers or any of the Special Deal Transactions;
- (3) the Code Independent Shareholders having at the SGM approved the Special Deal Transactions and the consent of the Executive having been obtained to proceed with the Special Deal Transactions in accordance with Rule 25 of the Takeovers Code;
- (4) the LR Independent Shareholders having at the SGM approved the Non-exempt Connected Transactions;
- (5) the Company having obtained or having caused all relevant members of the Group to obtain any necessary and required consents or notifications (as the case may be) for the Offers pursuant to any loan agreements or security documents to which any relevant member of the Group is a party;
- (6) the legal proceedings HCMP 841 of 2013, HCMP 2892 of 2012 and HCMP 207 of 2013 having been unconditionally withdrawn and that the injunction granted by the High Court of Hong Kong in legal proceedings HCMP 2892 of 2012 and HCMP 207 of 2013 having ceased to have effect on such terms as set out in the Settlement Agreement;

- (7) since the date of the last audited consolidated financial statements of the Company and up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied, there having been no change, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on the financial position or operations of the Group taken as a whole;
- (8) there having been no acquisition or establishment of any subsidiary or acquisition of any share in any other company or participation in any partnership or joint venture by any member of the Group (other than in the ordinary and usual course of the Group's business and other than in connection with any transaction contemplated by or disclosed in this announcement) during the period from the date of the Irrevocable Undertakings up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied;
- (9) none of the members of the Group having incurred any additional borrowings or incurred any other indebtedness in the nature of borrowings (save for any re-financing of existing borrowings or indebtedness of the same amount as any such existing borrowings or indebtedness, the procurement of the issue of any performance bonds under existing borrowings or banking facilities, and borrowings related to the Group's foundation piling business under existing banking facilities) during the period from the date of the Irrevocable Undertakings up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied;
- (10) without prejudice to the Pre-Condition set out in (9) above, none of the members of the Group having entered into (i) any new contract in relation to the Group's foundation piling business of a value that exceeds HK\$800 million or (ii) any new contract in relation to the Group's property development or property investment and management business of a value that exceeds HK\$190 million, or renewed or amended the terms and conditions of any existing contract which falls within the scope of (i) and (ii) above, in each case during the period from the date of the Irrevocable Undertakings up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied;

- (11) none of the members of the Group having acquired or disposed of any land or real properties (other than the disposal of real properties in the ordinary and usual course of business of the Group) or change the existing usage of the Group's real properties during the period from the date of the Irrevocable Undertakings up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied; and
- (12) all warranties given by the Undertaking Shareholders in the Irrevocable Undertakings remaining true and accurate in all respects and not misleading in any respect up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied and no frustration action (as defined in Rule 4 of the Takeovers Code) has been taken by the Board or announced by the Company (other than the issue of 2,000,000 Shares as a result of the exercise of the outstanding Options) up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied.

**The Offeror reserves the right to waive, in whole or in part, Pre-Conditions (2), (5), (7) to (12) above. The remaining Pre-Conditions cannot be waived. If any of the Pre-Conditions is not satisfied or waived on or before the Long Stop Date and the Offeror has not agreed with Mr. Francis Cheung, Mr. Victor Fung and Mr. David Chien for the extension of the Long Stop Date beyond 31 March 2014, the Offers will not be made by the Offeror.**

**The Offeror will issue a further announcement as soon as practicable after the Pre-Conditions have been satisfied or waived, or if any of the Pre-Conditions has not been satisfied or waived and the Offers will not be made, or if the Offeror, Mr. Francis Cheung, Mr. Victor Fung and Mr. David Chien have agreed to extend the Long Stop Date beyond 31 March 2014.**

#### **CONDITIONS OF THE SHARE OFFER**

The Shares Offer to be made by the Offeror upon satisfaction or waiver of the Pre-Conditions are subject to the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of Shares which will result in the Offeror and persons acting in concert with it holding more than 50% of the voting rights in the Company; and

(b) up to and including the time when the Condition in (a) above is satisfied, no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, public investigation or public enquiry, or enacted or made or publicly proposed, and there is no outstanding statute, regulation, demand or order that would make the Offers or any of the Special Deal Transactions void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions, limitations or obligations with respect to the Offers or any of the Special Deal Transactions.

The Offeror reserves the right to waive, in whole or in part, Condition (b) set out above. Condition (a) set out above cannot be waived.

Under the terms of the Irrevocable Undertakings, the Undertaking Shareholders have agreed to accept the Share Offer (and Mr. Francis Cheung has also agreed to procure Power Link, Long Billion, Easternfunds and Grand Thunder to accept the Share Offer) after the fifth Business Day after the despatch of the Composite Document and in any event before 4:00 p.m. on the tenth Business Day after the despatch of the Composite Document. It is therefore expected that the Condition referred to in (a) above will be satisfied and the Share Offer will be unconditional as to acceptances on or before the tenth Business Day after the despatch of the Composite Document.

The Option Offer, if made, will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Offers if the circumstances which give rise to the right to invoke any of such Conditions are of material significance to the Offeror in the context of the Offers.

**Shareholders, the Optionholder and/or potential investors of the Company should note that, as the making of the Offers is subject to the satisfaction or waiver of the Pre-Conditions, the Offers may or may not be made. Further, completion of the Offers is subject to the Conditions being satisfied (or waived) and therefore the Offers may or may not become unconditional and may or may not be completed. Accordingly, the issue of this announcement does not imply that the Offers will be made or will be completed. Shareholders, the Optionholder and/or potential investors of the Company should therefore exercise caution when dealing in the Shares, exercising the Options or other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bankmanager, solicitor or other professional advisers.**

## **IRREVOCABLE UNDERTAKINGS**

On 16 August 2013, each of Mr. Francis Cheung, Power Link, Long Billion, Easternfunds, Grand Thunder, Mr. Victor Fung and Mr. David Chien has given an irrevocable undertaking in favour of the Offeror.

Pursuant to the Irrevocable Undertaking given by Mr. Francis Cheung, Power Link, Long Billion, Easternfunds and Grand Thunder, each of Mr. Francis Cheung, Power Link, Long Billion, Easternfunds and Grand Thunder has irrevocably undertaken to the Offeror to accept the Share Offer after the fifth Business Day after the despatch of the Composite Document and in any event before 4:00 p.m. on the tenth Business Day immediately after the despatch of the Composite Document in respect of all the Shares held by him/it, being 43,607,865 Shares held by Mr. Francis Cheung, 171,237,000 Shares held by Power Link, 85,088,000 Shares held by Long Billion, 33,519,200 Shares held by Easternfunds and 20,728,000 Shares held by Grand Thunder, representing approximately 5.00%, 19.62%, 9.75%, 3.84% and 2.38% of the issued share capital of the Company as at the date of this announcement, respectively. Both Power Link and Long Billion are companies controlled by Mr. Francis Cheung. Easternfunds and Grand Thunder are the trustees of a discretionary trust of which Mr. Francis Cheung is the founder.

Pursuant to the Irrevocable Undertaking given by Mr. David Chien, Mr. David Chien has irrevocably undertaken to the Offeror to accept the Share Offer after the fifth Business Day after the despatch of the Composite Document and in any event before 4:00 p.m. on the tenth Business Day immediately after the despatch of the Composite Document in respect of all the 101,021,020 Shares held by him, representing approximately 11.58% of the issued share capital of the Company as at the date of this announcement.

Pursuant to the Irrevocable Undertaking given by Mr. Victor Fung, Mr. Victor Fung has irrevocably undertaken to the Offeror to accept the Share Offer after the fifth Business Day after the despatch of the Composite Document and in any event before 4:00 p.m. on the tenth Business Day immediately after the despatch of the Composite Document in respect of all the 74,867,600 Shares owned by him, representing approximately 8.58% of the issued share capital of the Company as at the date of this announcement.

Pursuant to the Irrevocable Undertaking given by Mr. David Chien, Mr. David Chien has undertaken to the Offeror that he shall perform all his obligations as set out in the Settlement Agreement in respect of the Chien Legal Proceedings. Mr. David Chien has further undertaken to the Offeror that he shall not, and shall use his best endeavours to procure that his family members or companies controlled by him and/or his family members shall not, institute or threaten to institute any action, proceeding or suit against the Offeror, the Company or any of their respective affiliates or their respective directors with respect to or in connection with the Offer or any of the Special Deal Transactions. Further announcement will be made by the Company upon the withdrawal of the Chien Legal Proceedings.

The Irrevocable Undertakings will be terminated if (a) the Pre-Conditions are not satisfied or waived before the Long Stop Date; (b) the Offeror fails to publish the Offer Announcement after the Pre-Conditions are satisfied or waived; (c) the Offeror fails to despatch the Composite Document within the period required under the Takeovers Code or as required by the Executive; (d) the Share Offer is otherwise not made by the Offeror; or (e) the Share Offer lapses.

#### **SETTLEMENT AGREEMENT**

On 16 August 2013, the parties to the Chien Legal Proceedings, amongst others, have entered into the Settlement Agreement pursuant to which, Mr. David Chien has agreed to (i) stay the Chien Legal Proceedings and vacate the relevant hearing dates and file the relevant consent summons with the High Court of Hong Kong within 3 Business Days after the date of the Settlement Agreement; and (ii) unconditionally withdraw the Chien Legal Proceedings and cause the cessation of the injunction granted by the High Court of Hong Kong in legal proceedings HCMP 2892 of 2012 and HCMP 207 of 2013 and file the relevant consent summons with the High Court of Hong Kong within 3 Business Days of the relevant Independent Shareholders approving the Special Deal Transactions and the Non-exempt Connected Transactions. As the parties to the Settlement Agreement include the Company and its connected persons, the Settlement Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios may be more than 0.1% but less than 5%, the Settlement Agreement is subject to reporting and announcement requirements but is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **COMPULSORY ACQUISITION AND LISTING STATUS OF THE COMPANY**

Section 102(1) of the Companies Act provides that if, within four months after making the Share Offer, holders of not less than 90% in value of the Shares (excluding those Shares held at the date of the Share Offer by, or by a nominee for, the Offeror or its subsidiary) approve the Share Offer, the Offeror may acquire the Shares of any dissenting Shareholder.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by the Companies Act, acceptances of the Share Offer and purchases (in each case of the disinterested Shares) made by the Offeror and persons acting in concert with it during the period of four months after posting of the Composite Document total 90% of the disinterested Shares.

If the Offeror obtains the prescribed percentage of approval from holders of Shares approving the Share Offer as required by Section 102(1) of the Companies Act and is permitted to do so under Rule 2.11 of the Takeovers Code, the Offeror intends to consider availing itself of the powers of compulsory acquisition under Section 102(1) of the Companies Act.

If the level of acceptances of the Share Offer reaches the prescribed level under Section 102(1) of the Companies Act and Rule 2.11 of the Takeovers Code permits a compulsory acquisition, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatisation of the Company, the Company will apply for the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the Shares from the close of the Share Offer up to the withdrawal of listing of Shares from the Stock Exchange.

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares, whether by reason of not having acquired the prescribed percentage as required under the Companies Act or otherwise, the Offeror may take such steps as are necessary to ensure, or procure the Company to take such steps as are necessary to ensure, that the Company maintains an adequate public float of 25% so as to comply with the applicable requirements of the Listing Rules.

## SPECIAL DEALS, NOTIFIABLE AND CONNECTED TRANSACTIONS

- (i) **Great Prosper Acquisition** — On 16 August 2013, Duncan Properties and Tysan Building Construction (China) entered into the Great Prosper SPA pursuant to which, Duncan Properties has conditionally agreed to acquire, and Tysan Building Construction (China) has conditionally agreed to sell, 20% interest in Great Prosper and assign the related shareholder's loan at a total cash consideration of HK\$129,411,764.

Great Prosper is an investment holding company and its wholly-owned subsidiary Tysan Property Development (Tianjin) Company Limited is principally engaged in property development in Tianjin, PRC. As at the date of this announcement, Tysan Property Development (Tianjin) Company Limited had no material assets or businesses other than its interests in the Tianjin Riverside Project.

Great Prosper is owned as to 80% by Duncan Properties and 20% by Tysan Building Construction (China). Duncan Properties is an indirect wholly-owned subsidiary of the Company. Upon completion of the Great Prosper Acquisition, Great Prosper will become a wholly-owned subsidiary of Duncan Properties and hence, an indirect wholly-owned subsidiary of the Company.

Tysan Building Construction (China) is a wholly-owned subsidiary of Tysan Building Construction, which is in turn owned as to 49% by Tysan Construction and 51% by Victor Create (a company owned as to 60% by Mr. Victor Fung and 40% by Mr. Jackel Cheung). As both Mr. Victor Fung and Mr. Jackel Cheung are executive Directors, Victor Create is a connected person of the Company. As Tysan Building Construction is owned as to 51% by Victor Create and therefore a subsidiary of Victor Create, Tysan Building Construction and its wholly-owned subsidiary Tysan Building Construction (China) are associates of Victor Create. As at the date of this announcement, Mr. Victor Fung and Mr. Jackel Cheung are interested in approximately 8.58% and 0.10% in the issued share capital of the Company, respectively. Mr. Jackel Cheung is a son of Mr. Francis Cheung.

Tysan Building Construction (China) has undertaken that, immediately after completion of the Great Prosper Acquisition, it shall distribute the proceeds received from the Great Prosper Acquisition as dividend to its sole shareholder, Tysan Building Construction and will procure Tysan Building Construction to distribute such proceeds to its shareholders, namely Tysan Construction as to 49% (being HK\$63,411,764) and Victor Create as to 51% (being HK\$66,000,000), prior to the consummation of the Tysan Building Construction Disposal.

- (ii) **Tysan Foundation (Hong Kong) Disposal** - On 16 August 2013, the Company and Fortunate Pool entered into the Tysan Foundation (Hong Kong) SPA pursuant to which, the Company has conditionally agreed to sell, and Fortunate Pool has conditionally agreed to acquire, 40% interest in Tysan Foundation (Hong Kong) and assign the related shareholder's loan at a total cash consideration of HK\$157,000,000. Fortunate Pool is a company wholly-owned by Mr. Victor Fung.

Members of the Tysan Foundation (Hong Kong) Group are principally engaged in the business of foundation piling related works (including foundation piling, substructure and basement construction, site formation, ground investigation, landslip preventive and slope works, demolition as well as road and drainage works) for public and/or private sectors and/or non-government organisations.

Tysan Foundation (Hong Kong) is currently a direct wholly-owned subsidiary of the Company. Upon completion of the Tysan Foundation (Hong Kong) Disposal, Tysan Foundation (Hong Kong) and its subsidiaries will cease to be wholly-owned by the Company. Tysan Foundation (Hong Kong) will become a 60% owned subsidiary of the Company. The financial results of the Tysan Foundation (Hong Kong) Group will continue to be consolidated into the Company's consolidated financial statements.

Upon completion of the Tysan Foundation (Hong Kong) Disposal, the Company, Fortunate Pool, Mr. Victor Fung and Tysan Foundation (Hong Kong) will enter into the Shareholders' Agreement to set out their mutual agreement regarding the corporate governance of Tysan Foundation (Hong Kong) and the respective rights and obligations of the shareholders of Tysan Foundation (Hong Kong). Mr. Victor Fung has agreed to guarantee the performance of the obligations of Fortunate Pool under or arising from the Shareholders' Agreement.

The Company (as the sole beneficial owner of Tysan Foundation (Hong Kong)) and its subsidiaries (other than the Tysan Foundation (Hong Kong) Group) have in the past executed various Guarantee and Indemnity Documents whereby the Group (other than the Tysan Foundation (Hong Kong) Group) provided the Guarantees and Indemnities in respect of or in connection with the Banking Facilities. The Guarantees and Indemnities were provided by the Group (other than the Tysan Foundation (Hong Kong) Group) as security to enable the Tysan Foundation (Hong Kong) Group to obtain the Banking Facilities to support its normal commercial operations. The maximum liability of the Group (other than the Tysan Foundation (Hong

Kong) Group) under the existing Guarantees and Indemnities is about HK\$1.25 billion. The Group (other than the Tysan Foundation (Hong Kong) Group) intends to continue to provide the Guarantees and Indemnities to the Financial Institutions in connection with the Banking Facilities for a period of up to 24 months from the closing of the Share Offer.

All Guarantees and Indemnities given by the Company and its subsidiaries (other than Tysan Foundation (Hong Kong) Group) to Tysan Foundation (Hong Kong) Group shall be irrevocably and unconditionally released by no later than 24 months from the closing of the Share Offer.

Upon completion of the Tysan (Hong Kong) Disposal, Fortunate Pool and Mr. Victor Fung will execute the Deed of Counter-Indemnity in favour of the Company whereby Fortunate Pool and Mr. Victor Fung, both as covenantors, shall jointly and severally irrevocably covenant with the Company that they will, (a) for so long as Mr. Victor Fung and Fortunate Pool own, directly or indirectly, 40% of Tysan Foundation (Hong Kong); and (b) for so long as the Company remains as a company whose shares are listed on the Stock Exchange, at all times fully and effectively indemnify and keep the Company (and/or its subsidiaries) indemnified against 40% of all liabilities, damages, costs, charges and expenses of whatever nature under or arising from the Guarantees and Indemnities and the Guarantee and Indemnity Documents.

- (iii) **Tysan Building Construction Disposal** — On 16 August 2013, Tysan Construction and Mr. Victor Fung entered into the Tysan Building Construction SPA pursuant to which, Tysan Construction has conditionally agreed to sell, and Mr. Victor Fung has conditionally agreed to acquire, 49% interest in Tysan Building Construction and assign the related shareholder's loan at a total cash consideration of HK\$17,150,000.

Tysan Building Construction and its subsidiaries are principally engaged in building and construction works.

Tysan Building Construction is owned as to 49% by Tysan Construction and as to 51% by Victor Create. Upon completion of the Tysan Building Construction Disposal, Tysan Construction will cease to have any interest in Tysan Building Construction and its subsidiaries and associates.

(iv) **Tysan Trading Disposal** — On 16 August 2013, Tysan Investment and Miss Jennifer Kwok entered into the Tysan Trading SPA pursuant to which, Tysan Investment has conditionally agreed to sell, and Miss Jennifer Kwok has conditionally agreed to acquire, 40% interest in Tysan Trading and assign the related shareholder's loan at a total cash consideration of HK\$4,400,000. Miss Jennifer Kwok is an executive Director. As at the date of this announcement, Miss Jennifer Kwok holds approximately 2.29% in the issued share capital of the Company.

Tysan Trading and its subsidiaries are principally engaged in the trading and distribution of merchandises.

Tysan Trading is owned as to 40% by Tysan Investment, 26% by Mr. Victor Fung, 24% by Miss Jennifer Kwok and 10% by Miss Miranda Ng. Upon completion of the Tysan Trading Disposal, Tysan Investment will cease to have interest in Tysan Trading and its subsidiaries.

(v) **Management Incentives to Miss Jennifer Kwok** — With effect from the Unconditional Date, the monthly salary of Miss Jennifer Kwok shall be increased by 15% of the prevailing monthly salary as at the Unconditional Date for a period of up to six months. Miss Jennifer Kwok shall also be entitled to a contract-end bonus representing 115% of the amount of her bonus to be received from the Company for the year ending 31 December 2013, pro-rated for the period from the Unconditional Date to the termination of her employment with the Company.

Since the Great Prosper Acquisition, the Tysan Foundation (Hong Kong) Disposal, the Tysan Building Construction Disposal, the Tysan Trading Disposal and the management incentives to Miss Jennifer Kwok are not capable of being extended to all Shareholders, each of the Great Prosper Acquisition, the Tysan Foundation (Hong Kong) Disposal, the Tysan Building Construction Disposal, the Tysan Trading Disposal and the management incentives to Miss Jennifer Kwok constitutes a special deal under Rule 25 of the Takeovers Code, which requires the consent of the Executive and such consent, if granted, will normally be conditional upon the Independent Financial Adviser publicly stating in its opinion that the terms of the Special Deal Transactions are fair and reasonable and the approval of the Code Independent Shareholders voting by way of a poll at the SGM. An application will be made to the Executive for consent to proceed with the Special Deal Transactions under Rule 25 of the Code. Shareholders should note that such consent may or may not be granted by the Executive and, if such consent is not granted, the Special Deal Transactions will not proceed. As the obtaining of such consent is a pre-condition to the making of the Offers by

the Offeror, the Offers will not be made if such consent is not obtained on or before the Long Stop Date.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Tysan Building Construction Disposal is between 5% and 25%, the Tysan Building Construction Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Tysan Foundation (Hong Kong) Disposal and the Guarantees and Indemnities are between 25% and 75%, each of the Tysan Foundation (Hong Kong) Disposal and the Guarantees and Indemnities constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

As each of Mr. Victor Fung, Mr. Jackel Cheung and Miss Jennifer Kwok is an executive Director and hence a connected person of the Company, each of the Great Prosper Acquisition, the Tysan Foundation (Hong Kong) Disposal, the Guarantees and Indemnities, the Tysan Building Construction Disposal and the Tysan Trading Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Great Prosper Acquisition and the Tysan Trading Disposal are more than 0.1% but less than 5%, each of the Great Prosper Acquisition and the Tysan Trading Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of the Tysan Building Construction Disposal and the Tysan Foundation (Hong Kong) Disposal and the Guarantees and Indemnities is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the management incentives are offered to Miss Jennifer Kwok as part of her remuneration under her director's service contract with the Company, the offering of management incentives to Miss Jennifer Kwok with effect from the Unconditional Date does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Notwithstanding the requirements of the Listing Rules, as stated above, each of the Great Prosper Acquisition, the Tysan Foundation (Hong Kong) Disposal, the Tysan Building Construction Disposal, the Tysan Trading Disposal and the management incentives to Miss Jennifer Kwok is required to be approved by the Code Independent Shareholders as a special deal pursuant to Rule 25 of the Takeovers Code. Mr. Francis Cheung (together with Power Link, Long Billion, Easternfunds and Grand Thunder), Mr. Victor Fung, Miss Jennifer Kwok, Mr.

David Chien, Mr. Jackel Cheung and Miss Miranda Ng shall abstain from voting on all the Shareholders' resolutions approving the Special Deal Transactions and the Non-exempt Connected Transactions at the SGM.

The SGM will be convened to approve, among other things (if any), the Special Deal Transactions and the Non-exempt Connected Transactions.

#### **INDEPENDENT BOARD COMMITTEES AND INDEPENDENT FINANCIAL ADVISER**

The LR Independent Board Committee, comprising all the independent non-executive Directors, will be established to consider the terms of the Tysan Building Construction Disposal, the Tysan Foundation (Hong Kong) Disposal and the Guarantees and Indemnities and to advise the LR Independent Shareholders on whether the Tysan Building Construction Disposal, the Tysan Foundation (Hong Kong) Disposal and the Guarantees and Indemnities are in the interests of the Company and the Shareholders as a whole and whether the terms of Tysan Building Construction SPA, the Tysan Foundation (Hong Kong) SPA and the Guarantees and Indemnities are on normal commercial terms and are fair and reasonable so far as the LR Independent Shareholders are concerned. Subject to the confirmation by the Stock Exchange, members of the LR Independent Board Committee comprises all independent non-executive Directors. If the Stock Exchange is of the view that it is more appropriate for the LR Independent Board Committee to consist of the same member as the Code Independent Board Committee, this will be updated in the Circular. Pending the determination by the Stock Exchange, all independent non-executive Directors have abstained from voting on the board resolutions approving the Non-exempt Connected Transactions.

The Code Independent Board Committee has been established for the purpose of advising (i) the Code Independent Shareholders as to whether the terms of the Special Deal Transactions are fair and reasonable and the voting action that should be taken; and (ii) the Shareholders and the Optionholder on the Offers (if they are made).

Mr. Li Kit Chee is the sole member of the Code Independent Board Committee. As (i) each of the independent non-executive Directors (other than Mr. Li Kit Chee) are defendants of the Chien Legal Proceedings and that the discontinuation of the Chien Legal Proceedings is one of the Pre-Conditions and (ii) Mr. Tse Man Bun, an independent non-executive Director, is interested in 442,000 Shares as at the date of this announcement, all the independent non-executive Directors (other than Mr. Li Kit Chee) are excluded from the Code Independent Board Committee.

An independent financial adviser will be appointed to advise (i) the Independent Board Committees and the Independent Shareholders as to whether the terms of the Special Deal Transactions and the Non-exempt Connected Transactions are fair and reasonable and the voting action that should be taken by the Independent Shareholders; and (ii) the Shareholders and the Optionholder on the Offers (if they are made).

## **CIRCULAR**

Further information about the Special Deal Transactions and the Non-exempt Connected Transactions will be included in the Circular in accordance with the Listing Rules and the Takeovers Code. The Circular is expected to be despatched to the Shareholders on or about 30 September 2013 as additional time is required by the Company for the preparation of the valuation reports to be included in the Circular.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 12 August 2013 pending the release of this announcement.

Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 19 August 2013.

## **INTRODUCTION**

The Offeror and the Company jointly announce that Barclays will, on behalf of the Offeror, subject to the satisfaction or waiver of the Pre-Conditions, make a voluntary conditional cash offer to (i) acquire all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it), and (ii) to cancel all outstanding Options. All references to the Offers in this announcement are references to the possible Offers which will be made if and only if the Pre-Conditions are satisfied or waived.

As at the date of this announcement, there are 872,665,903 Shares in issue. The Company also has outstanding Options in respect of 2,000,000 Shares granted under the 2002 Share Option Scheme. Save as aforesaid, the Company has no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

## THE OFFERS

### The Share Offer

The Share Offer will be made by Barclays on behalf of the Offeror on the following basis:

#### *Consideration of the Share Offer*

**For each Share..... HK\$2.86 in cash**

The Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the Closing Date. Any dividends or other distributions the record date of which is before the Closing Date will be paid by the Company to the Shareholders who are qualified for such dividends or distributions.

### The Option Offer

As at the date of this announcement, there are 2,000,000 Options granted under the 2002 Share Option Scheme outstanding entitling the Optionholder to subscribe for 2,000,000 Shares at an exercise price of HK\$1.46 per Share. Such Options have an exercise period from 17 September 2010 to 16 September 2013. If at the time the Offeror makes the Share Offer any of such 2,000,000 Options remain outstanding, the Option Offer will be made by Barclays on behalf of the Offeror in accordance with Rule 13 of the Takeovers Code for the cancellation of all outstanding Options on the following basis:

#### *Consideration of the Option Offer*

**For cancellation of each Option..... HK\$1.40 in cash**

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

Following acceptance of the Option Offer, the relevant Options together with all rights attaching to the Options will be entirely cancelled and renounced.

If at the time the Offeror makes the Share Offer there are any other outstanding Options apart from the 2,000,000 Options granted under the 2002 Share Option Scheme, the Offeror will extend the Option Offer to cover such outstanding Options and the consideration payable for the cancellation of such Options will be the “see through” price based on the Offer Share.

If at the time the Offeror makes the Share Offer there is no outstanding Option, the Option Offer will not be made by the Offeror.

### **Comparisons of value**

The Offer Price of HK\$2.86 per Share represents:

- (a) a premium of approximately 10.0% over the closing price of HK\$2.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 18.7% over the average of the closing prices as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK\$2.41 per Share;
- (c) a premium of approximately 21.2% over the average of the closing prices as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of HK\$2.36 per Share;
- (d) a premium of approximately 37.5% over the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK\$2.08 per Share;
- (e) a premium of approximately 45.9% over the average of the closing prices as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of HK\$1.96 per Share; and
- (f) a premium of approximately 59.8% over the average of the closing prices as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of HK\$1.79 per Share.

The consideration for the Option Offer represents the difference between the exercise price of HK\$1.46 per Share for the 2,000,000 outstanding Options granted under the 2002 Share Option Scheme and the ascribed value of the Offer Price of HK\$1.40 for each Share which may be subscribed thereunder.

### **Highest and lowest Share prices**

During the six-month period up to and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.60 per Share on 9 August 2013 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$1.36 per Share on 13 March 2013, 18 March 2013 and 5 April 2013.

## **Holdings of Shares and Options by the Offeror and its parties acting in concert**

The Offeror and parties acting in concert with it (other than those with exempt principal trader status) do not hold, control or have direction over any other Shares and do not have, control or have direction over any other interests in the issued share capital or voting rights of the Company.

As of the date of this announcement, the Offeror and parties acting in concert with it do not hold any Options and do not have, control or have direction over any outstanding options, derivatives, warrants or securities which are convertible into or exchangeable for securities of the Company.

## **Dealings in securities of the Company**

The Offeror and parties acting in concert with it (other than those with exempt principal trader status) have not dealt in the shares, convertible securities, warrants, options or derivatives of the Company during the six-month period ended on the date of this announcement.

## **Settlement of consideration**

Settlement of consideration in respect of acceptances of the Offers will be made as soon as possible but in any event within seven Business Days of (i) the Unconditional Date or (ii) the date of receipt of a complete and valid acceptance in respect of the Offers, whichever is the later.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Share Offer or the Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

## **VALUE OF THE OFFERS**

As at the date of this announcement, there are 872,665,903 Shares in issue and 2,000,000 Options granted under the 2002 Share Option Scheme outstanding entitling the Optionholder to subscribe for, pursuant to the Share Option Scheme, Shares at an exercise price of HK\$1.46 per Share.

On the basis of the Offer Price of HK\$2.86 per Share and assuming that no Options are exercised before the close of the Offers, the Share Offer is valued at approximately HK\$2,495,824,483 and the total amount required to satisfy the cancellation of all the outstanding Options is HK\$2,800,000. Based on the aforesaid and assuming that no Options are exercised before the close of the Offers, the Offers are valued at approximately HK\$2,498,624,483 in aggregate.

In the event all the Options are exercised in full by the Optionholder before the Closing Date, the Company will have to issue 2,000,000 new Shares, representing approximately 0.23% of the enlarged issued share capital of the Company. Assuming the Share Offer is accepted in full (including all Shares allotted and issued as a result of the exercise of the Options), the maximum value of the Share Offer will be increased to approximately HK\$2,501,544,483. In this case, no amount will be payable by the Offeror under the Option Offer, and the Offers are valued at approximately HK\$2,501,544,483 in aggregate on a fully-diluted basis.

In the event that there is no Option outstanding at the time the Offeror makes the Share Offer, only the Share Offer will be made by the Offeror and there will not be any Option Offer.

### **CONFIRMATION OF FINANCIAL RESOURCES**

Assuming that all the outstanding Options are exercised before the close of the Offers and that the Share Offer is accepted in full, the financial resources required by the Offeror to satisfy its obligations in respect of the Offers amount to approximately HK\$2,501,544,483.

Assuming that no Option is exercised before the close of the Offers and that the Offers are accepted in full, the financial resources required by the Offeror to satisfy its obligations in respect of the Offers amount to approximately HK\$2,498,624,483.

The Offeror intends to finance the consideration payable by the Offeror under the Offers with equity commitments from Blackstone Real Estate Partners Asia-NQ L.P. and Blackstone Real Estate Partners (Offshore) VII-NQ L.P.. Each of Blackstone Real Estate Partners Asia-NQ L.P. and Blackstone Real Estate Partners (Offshore) VII-NQ L.P. is ultimately controlled by The Blackstone Group L.P.

The Offeror has a binding equity commitment letter dated 16 August 2013 from Blackstone Real Estate Partners Asia-NQ L.P. and Blackstone Real Estate Partners (Offshore) VII-NQ L.P., pursuant to which Blackstone Real Estate Partners Asia-NQ L.P. and Blackstone Real Estate Partners (Offshore) VII-NQ L.P. have agreed to provide funding to the Offeror for it to use to pay the consideration payable by the Offeror under the Offers as well as all costs and expenses relating to the Offers and payable by the Offeror, in the proportion of 80% and 20%, respectively.

The obligation to provide the equity funding under the commitment letter is subject to the satisfaction or waiver of the Pre-Conditions and the Conditions and the Offers being made.

Barclays, the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers.

## **PRE-CONDITIONS TO THE OFFERS**

The making of the Offers by the Offeror is subject to the satisfaction or waiver of the following Pre-Conditions on or prior to the Long Stop Date:

- (1) the submission by the Offeror to, and acceptance by MOFCOM, under the Anti-Monopoly Law of the PRC in respect of the Offers and the clearance or deemed clearance (through the expiration of the relevant statutory time periods for review by MOFCOM) by MOFCOM under the Anti-Monopoly Law of the PRC of the Offers, on terms reasonably acceptable to the Offeror;
- (2) no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, public investigation or public enquiry, or enacted or made or publicly proposed, and there is no outstanding statute, regulation, demand or order that would make the Offers or any of the Special Deal Transactions void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions, limitations or obligations with respect to the Offers or any of the Special Deal Transactions;
- (3) the Code Independent Shareholders having at the SGM approved the Special Deal Transactions and the consent of the Executive having been obtained to proceed with the Special Deal Transactions in accordance with Rule 25 of the Takeovers Code;
- (4) the LR Independent Shareholders having at the SGM approved the Non-exempt Connected Transactions;
- (5) the Company having obtained or having caused all relevant members of the Group to obtain any necessary and required consents or notifications (as the case may be) for the Offers pursuant to any loan agreements or security documents to which any relevant member of the Group is a party;
- (6) the legal proceedings HCMP 841 of 2013, HCMP 2892 of 2012 and HCMP 207 of 2013 having been unconditionally withdrawn and that the injunction granted by the High Court of Hong Kong in legal proceedings HCMP 2892 of 2012 and HCMP 207 of 2013 having ceased to have effect on such terms as set out in the Settlement Agreement;

- (7) since the date of the last audited consolidated financial statements of the Company and up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied, there having been no change, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on the financial position or operations of the Group taken as a whole;
- (8) there having been no acquisition or establishment of any subsidiary or acquisition of any share in any other company or participation in any partnership or joint venture by any member of the Group (other than in the ordinary and usual course of the Group's business and other than in connection with any transaction contemplated by or disclosed in this announcement) during the period from the date of the Irrevocable Undertakings up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied;
- (9) none of the members of the Group having incurred any additional borrowings or incurred any other indebtedness in the nature of borrowings (save for any re-financing of existing borrowings or indebtedness of the same amount as any such existing borrowings or indebtedness, and the procurement of the issue of any performance bonds under existing borrowings or banking facilities, and borrowings related to the Group's foundation piling business under existing banking facilities) during the period from the date of the Irrevocable Undertakings up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied;
- (10) without prejudice to the Pre-Condition set out in (9) above, none of the members of the Group having entered into (i) any new contract in relation to the Group's foundation piling business of a value that exceeds HK\$800 million or (ii) any new contract in relation to the Group's property development or property investment and management business of a value that exceeds HK\$190 million, or renewed or amended the terms and conditions of any existing contract which falls within the scope of (i) and (ii) above, in each case during the period from the date of the Irrevocable Undertakings up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied;
- (11) none of the members of the Group having acquired or disposed of any land or real properties (other than the disposal of real properties in the ordinary and usual course of business of the Group) or change the existing usage of the Group's real properties during the period from the date of the Irrevocable Undertakings up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied; and

(12) all warranties given by the Undertaking Shareholders in the Irrevocable Undertakings remaining true and accurate in all respects and not misleading in any respect up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied and no frustration action (as defined in Rule 4 of the Takeovers Code) has been taken by the Board or announced by the Company (other than the issue of 2,000,000 Shares as a result of the exercise of the outstanding Options) up to and including the time when the last of the Pre-Conditions set out in (1) to (6) above is satisfied.

**The Offeror reserves the right to waive, in whole or in part, Pre-Conditions (2), (5), (7) to (12) above. The remaining Pre-Conditions cannot be waived. If any of the Pre-Conditions is not satisfied or waived on or before the Long Stop Date and the Offeror has not agreed with Mr. Francis Cheung, Mr. Victor Fung and Mr. David Chien for the extension of the Long Stop Date beyond 31 March 2014, the Offers will not be made by the Offeror.**

**The Offeror will issue a further announcement as soon as practicable after the Pre-Conditions have been satisfied or waived, or if any of the Pre-Conditions has not been satisfied or waived and the Offers will not be made, or if the Offeror, Mr. Francis Cheung, Mr. Victor Fung and Mr. David Chien have agreed to extend the Long Stop Date beyond 31 March 2014.**

## **CONDITIONS OF THE SHARE OFFER**

The Share Offer to be made by the Offeror upon satisfaction or waiver of the Pre-Conditions are subject to the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of Shares which will result in the Offeror and persons acting in concert with it holding more than 50% of the voting rights in the Company; and
- (b) up to and including the time when the Condition in (a) above is satisfied, no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, public investigation or public enquiry, or enacted or made or publicly proposed, and there is no outstanding statute, regulation, demand or order that would make the Offers or any of the Special Deal Transactions void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions, limitations or obligations with respect to the Offers or any of the Special Deal Transactions.

The Offeror reserves the right to waive, in whole or in part, Condition (b) set out above. Condition (a) set out above cannot be waived.

Under the terms of the Irrevocable Undertakings, the Undertaking Shareholders have agreed to accept the Share Offer (and Mr. Francis Cheung has also agreed to procure Power Link, Long Billion, Easternfunds and Grand Thunder to accept the Share Offer) after the fifth Business Day after the despatch of the Composite Document and in any event before 4:00 p.m. on the tenth Business Day after the despatch of the Composite Document. It is therefore expected that the Condition referred to in (a) above will be satisfied and the Share Offer will be unconditional as to acceptances on or before the tenth Business Day after the despatch of the Composite Document.

The Option Offer, if made, will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Offers if the circumstances which give rise to the right to invoke any of such Conditions are of material significance to the Offeror in the context of the Offers.

**Shareholders, the Optionholder and/or potential investors of the Company should note that, as the making of the Offers is subject to the satisfaction or waiver of the Pre-Conditions, the Offers may or may not be made. Further, completion of the Offers is subject to the Conditions being satisfied (or waived) and therefore the Offers may or may not become unconditional and may or may not be completed. Accordingly, the issue of this announcement does not imply that the Offers will be made or will be completed. Shareholders, the Optionholder and/or potential investors of the Company should therefore exercise caution when dealing in the Shares, exercising the Options or other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **IRREVOCABLE UNDERTAKINGS**

As at the date of this announcement, Mr. Francis Cheung is interested in a total of 354,180,065 Shares, among which 43,607,865 Shares are held by Mr. Francis Cheung in his personal capacity, 171,237,000 Shares were held by Power Link, 85,088,000 Shares were held by Long Billion, 33,519,200 Shares were held by Easternfunds and 20,728,000 Shares were held by Grand Thunder, together representing approximately 40.59% of the issued share capital of the Company. Both Power Link and Long Billion are companies controlled by Mr. Francis Cheung. Easternfunds and Grand Thunder are the trustees of a discretionary trust of which Mr. Francis Cheung is the founder.

As at the date of this announcement, 74,867,600 Shares are owned by Mr. Victor Fung and 101,021,020 Shares are held by Mr. David Chien, together representing approximately 20.16% of the issued share capital of the Company.

### **Undertakings to accept the Share Offer**

On 16 August 2013, each of Mr. Francis Cheung, Power Link, Long Billion, Easternfunds, Grand Thunder, Mr. Victor Fung and Mr. David Chien has given an irrevocable undertaking in favour of the Offeror.

Pursuant to the Irrevocable Undertaking given by Mr. Francis Cheung, Power Link, Long Billion, Easternfunds and Grand Thunder, each of Mr. Francis Cheung, Power Link, Long Billion, Easternfunds and Grand Thunder has irrevocably undertaken to the Offeror to accept the Share Offer after the fifth Business Day after the despatch of the Composite Document and in any event before 4:00 p.m. on the tenth Business Day immediately after the despatch of the Composite Document in respect of all the Shares held by him/it, being 43,607,865 Shares held by Mr. Francis Cheung, 171,237,000 Shares held by Power Link, 85,088,000 Shares held by Long Billion, 33,519,200 Shares held by Easternfunds and 20,728,000 Shares held by Grand Thunder, representing approximately 5.00%, 19.62%, 9.75%, 3.84% and 2.38% of the issued share capital of the Company as at the date of this announcement, respectively.

Pursuant to the Irrevocable Undertaking given by Mr. David Chien, Mr. David Chien has irrevocably undertaken to the Offeror to accept the Share Offer after the fifth Business Day after the despatch of the Composite Document and in any event before 4:00 p.m. on the tenth Business Day immediately after the despatch of the Composite Document in respect of all the 101,021,020 Shares owned by him, representing approximately 11.58% of the issued share capital of the Company as at the date of this announcement.

Pursuant to the Irrevocable Undertaking given by Mr. Victor Fung, Mr. Victor Fung has irrevocably undertaken to the Offeror to accept the Share Offer after the fifth Business Day after the despatch of the Composite Document and in any event before 4:00 p.m. on the tenth Business Day immediately after the despatch of the Composite Document in respect of all the 74,867,600 Shares owned by him, representing approximately 8.58% of the issued share capital of the Company as at the date of this announcement.

Prior to the close, lapse or withdrawal of the Share Offer, each of the Undertaking Shareholders has undertaken to the Offeror that it shall not (and Mr. Francis Cheung has further undertaken to procure that each of Power Link, Long Billion, Easternfunds and Grand Thunder shall not):

- (a) sell, transfer, charge, encumber, grant any option over (or cause the same to be done) or otherwise dispose of any interest in their respective Shares (other than to the Offeror);
- (b) acquire, directly or indirectly, any additional Shares, securities or other interests of the Company; or
- (c) take any action or enter into any agreement or arrangement, including through its representation on the Board (and whether or not legally binding or subject to any condition or which is to take effect after the Share Offer closes or lapses) which, in relation to their respective Shares, would or might restrict or impede its accepting the Share Offer.

#### **Further undertakings by Mr. David Chien**

Pursuant to the Irrevocable Undertaking given by Mr. David Chien, Mr. David Chien has undertaken to the Offeror that he shall perform all his obligations as set out in the Settlement Agreement in respect of the Chien Legal Proceedings. Further announcement will be made by the Company upon the withdrawal of the Chien Legal Proceedings.

Mr. David Chien has further undertaken to the Offeror that he shall not, and shall use his best endeavours to procure that his family members or companies controlled by him and/or his family members shall not, institute or threaten to institute any action, proceeding or suit against the Offeror, the Company or any of their respective affiliates or their respective directors with respect to or in connection with the Offer or any of the Special Deal Transactions.

#### **No withdrawal**

Each of the Undertaking Shareholders has irrevocably undertaken to the Offeror that it shall not withdraw any acceptance of the Share Offer in respect of their respective Shares. Mr. Francis Cheung has further undertaken to procure that each of Power Link, Long Billion, Easternfunds and Grand Thunder shall not withdraw any acceptance of the Share Offer in respect of their respective Shares.

## **Termination**

The Irrevocable Undertakings will be terminated if (a) the Pre-Conditions are not satisfied or waived before the Long Stop Date; (b) the Offeror fails to publish the Offer Announcement after the Pre-Conditions are satisfied or waived; (c) the Offeror fails to despatch the Composite Document within the period required under the Takeovers Code or as required by the Executive; (d) the Share Offer is otherwise not made by the Offeror; or (e) the Share Offer lapses.

## **SETTLEMENT AGREEMENT**

On 16 August 2013, the parties to the Chien Legal Proceedings, amongst others, have entered into the Settlement Agreement pursuant to which, Mr. David Chien has agreed to (i) stay the Chien Legal Proceedings and vacate the relevant hearing dates and file the relevant consent summons with the High Court of Hong Kong within 3 Business Days after the date of the Settlement Agreement; and (ii) unconditionally withdraw the Chien Legal Proceedings and cause the cessation of the injunction granted by the High Court of Hong Kong in legal proceedings HCMP 2892 of 2012 and HCMP 207 of 2013 and file the relevant consent summons with the High Court of Hong Kong within 3 Business Days of the relevant Independent Shareholders approving the Special Deal Transactions and the Non-exempt Connected Transactions. As the parties to the Settlement Agreement include the Company and its connected persons, the Settlement Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios may be more than 0.1% but less than 5%, the Settlement Agreement is subject to reporting and announcement requirements but is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the British Virgin Islands on 25 July 2013 with limited liability. As at the date of this announcement, the Offeror is wholly owned by Holdco, a company incorporated under the laws of the British Virgin Islands. Holdco is owned as to 1% by BREP Asia SBS Holding — NQ Co III Ltd., as to 79% by BREP Asia Holdings (NQ) Pte Ltd., as to 1% by BREP VII SBS Holding — NQ Co III Ltd., and as to 19% by Blackstone Real Estate SG Super Holding (NQ) Co IV Pte Ltd. (collectively, the “**Blackstone Fund SPVs**”). The Blackstone Fund SPVs are indirectly owned by Blackstone Real Estate Partners Asia-NQ L.P., Blackstone Real Estate Partners (Offshore) VII-NQ L.P. and Other Blackstone Fund Entities. Blackstone Real Estate Partners Asia-NQ L.P. is a limited liability partnership established under the laws of the Cayman Islands and Blackstone Real Estate Partners (Offshore) VII-NQ L.P. is a limited liability partnership established

under the laws of Alberta, Canada. Each of Blackstone Real Estate Partners Asia-NQ L.P., Blackstone Real Estate Partners (Offshore) VII-NQ L.P. and each of Other Blackstone Fund Entities is a private investment fund managed by Blackstone and is ultimately controlled by The Blackstone Group L.P.

While Blackstone Real Estate Partners Asia-NQ L.P. and Blackstone Real Estate Partners (Offshore) VII-NQ L.P. will be providing the majority of the funds required of the Offers, the Other Blackstone Fund Entities may also contribute part of the funds required. In any event, Blackstone Real Estate Partners Asia-NQ L.P. and Blackstone Real Estate Partners (Offshore) VII-NQ L.P. have provided a binding equity commitment letter dated 16 August 2013 to the Offeror for the provision of funding for settlement of the consideration payable by the Offeror under the Offers as well as all costs and expenses relating to the Offers and payable by the Offeror.

Blackstone is a global asset manager and provider of financial advisory services. It is headquartered in the United States and has further offices in Europe and Asia. The Blackstone Group L.P. is listed on the New York Stock Exchange. Blackstone operates as an investment management firm, not as a conglomerate or a holding company. Accordingly, each company in its investment portfolio is independently managed and financed and each has different investors (although the investors in different Blackstone funds may overlap).

Blackstone as a firm was formed as a limited partnership in 1985 and The Blackstone Group L.P. is managed and operated by its general partner, Blackstone Group Management, LLC., which is in turn wholly-owned and controlled by one of Blackstone's founders, Stephen A. Schwarzman and Blackstone's other senior managing directors.

On 27 June 2007, The Blackstone Group L.P. completed an initial public offering (“**IPO**”) of its common units representing limited partner interests in The Blackstone Group L.P. on the New York Stock Exchange. Upon completion of the IPO, public investors indirectly owned approximately 14.1% of the equity (on a fully diluted basis) in The Blackstone Group L.P.

Concurrently with the IPO, Blackstone completed the sale of non-voting common units, representing approximately 9.3% of the equity, to China Investment Corporation.

Further information and the latest financial statements are contained on Blackstone's website and are available at <http://ir.blackstone.com/annuals.cfm>.

## **INFORMATION ON THE GROUP**

The Company was incorporated in Bermuda on 6 February 1991 as an exempted company with limited liability.

The Company was listed on the Main Board of the Stock Exchange on 26 March 1991, trading under the stock code 687.

The Group is principally engaged in foundation piling, property development, property investment and management, electrical and mechanical engineering, machinery leasing and trading.

### **Shareholding Structure of the Company**

The shareholding structure of the Company (a) as at the date of this announcement and (b) following the completion of the Offers (for illustration purposes only and assuming only the Undertaking Shareholders tender their acceptances in respect of an aggregate of approximately 60.75% of the Shares for the Share Offer) is as follows:

(i) *Assuming none of the Options are exercised prior to the completion of the Share Offer*

	<b>As at the date of this announcement</b>		<b>Following completion of the Share Offer (assuming only the Undertaking Shareholders tender their acceptances in respect of an aggregate of approximately 60.75% of the Shares for the Share Offer)</b>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Mr. Francis Cheung ( <i>Note 1</i> )	354,180,065	40.59	0	0.00
Mr. Fung Chiu Chak, Victor	74,867,600	8.58	0	0.00
Mr. David Chien	<u>101,021,020</u>	<u>11.58</u>	<u>0</u>	<u>0.00</u>
	530,068,685	60.75	0	0.00
Miss Jennifer Kwok	20,000,000	2.29	20,000,000	2.29
Mr. Chiu Chin Hung ( <i>Note 2</i> )	7,500,000	0.86	7,500,000	0.86
Mr. Lau Kin Fai ( <i>Note 2</i> )	1,200,000	0.14	1,200,000	0.14
Mr. Jackel Cheung ( <i>Note 2</i> )	878,000	0.10	878,000	0.10
Mr. Tse Man Bun ( <i>Note 2</i> )	442,000	0.05	442,000	0.05
Offeror and parties acting in concert with it ( <i>Note 3</i> )	0	0.00	530,068,685	60.75
Public Shareholders	<u>312,577,218</u>	<u>35.81</u>	<u>312,577,218</u>	<u>35.81</u>
	<u>872,665,903</u>	<u>100.00</u>	<u>872,665,903</u>	<u>100.00</u>

*Note 1:* The number of shares includes: (a) 171,237,000 Shares held by Power Link and 85,088,000 Shares held by Long Billion, both of which are controlled by Mr. Francis Cheung; and (b) 33,519,200 Shares held by Easternfunds and 20,728,000 Shares held by Grand Thunder, the trustees of a discretionary trust which Mr. Francis Cheung is the founder.

*Note 2:* Mr. Chiu Chin Hung, Mr. Lau Kin Fai, Mr. Jackel Cheung and Mr. Tse Man Bun are Directors. Mr. Lau Kin Fai has, in addition to his 1,200,000 Shares, Options over 2,000,000 Shares granted under the 2002 Share Option Scheme which remain unexercised as at the date of this announcement.

*Note 3:* As at the date of this announcement, Barclays and entities controlling, controlled by or under the same control as Barclays (except those entities in the capacity of an exempt principal trader), presumed to be acting in concert with the Offeror, do not hold any Shares.

(ii) *Assuming the Options are exercised in full prior to the completion of the Share Offer*

	As at the date of this announcement		Following completion of the Share Offer (assuming only the Undertaking Shareholders tender their acceptances in respect of an aggregate of approximately 60.60% of the Shares for the Share Offer)	
	No. of Shares	%	No. of Shares	%
Mr. Francis Cheung (Note 1)	354,180,065	40.49	0	0.00
Mr. Fung Chiu Chak, Victor	74,867,600	8.56	0	0.00
Mr. David Chien	<u>101,021,020</u>	<u>11.55</u>	<u>0</u>	<u>0.00</u>
	530,068,685	60.60	0	0.00
Miss Jennifer Kwok	20,000,000	2.29	20,000,000	2.29
Mr. Chiu Chin Hung (Note 2)	7,500,000	0.86	7,500,000	0.86
Mr. Lau Kin Fai (Note 2)	3,200,000	0.37	3,200,000	0.37
Mr. Jackel Cheung (Note 2)	878,000	0.10	878,000	0.10
Mr. Tse Man Bun (Note 2)	442,000	0.05	442,000	0.05
Offeror and parties acting in concert with it (Note 3)	0	0.00	530,068,685	60.60
Public Shareholders	<u>312,577,218</u>	<u>35.73</u>	<u>312,577,218</u>	<u>35.73</u>
	<u>874,665,903</u>	<u>100.00</u>	<u>874,665,903</u>	<u>100.00</u>

*Note 1:* The number of shares includes: (a) 171,237,000 Shares held by Power Link and 85,088,000 Shares held by Long Billion, both of which are controlled by Mr. Francis Cheung; and (b) 33,519,200 Shares held by Easternfunds and 20,728,000 Shares held by Grand Thunder, the trustees of a discretionary trust which Mr. Francis Cheung is the founder.

*Note 2:* Mr. Chiu Chin Hung, Mr. Lau Kin Fai, Mr. Jackel Cheung and Mr. Tse Man Bun are Directors. Assuming Mr. Lau Kin Fai exercised his Options over 2,000,000 Shares in full prior to the completion of the Share Offer, Mr. Lau Kin Fai will hold a total of 3,200,000 Shares.

*Note 3:* As at the date of this announcement, Barclays and entities controlling, controlled by or under the same control as Barclays (except those entities in the capacity of an exempt principal trader), presumed to be acting in concert with the Offeror, do not hold any Shares.

## **REASONS FOR THE OFFERS**

Blackstone's real estate group is one of the largest opportunistic real estate investment managers in the world. Blackstone's real estate group is also engaged in real estate development in major cities such as Shanghai, Dalian, Nantong and Wuhan in the PRC.

Apart from its foundation piling and construction related business, the Group is engaged in property development and investment in Shanghai, Tianjin and Shenyang, PRC. Blackstone considers that the making of the Offers will provide an opportunity to enlarge its footprint in the real estate market in the PRC.

## **INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP**

Following completion of the Offers, the Offeror intends to undertake a detailed strategic review on the Group for the purpose of formulating business plans and strategies for the future business development of the Group and determining what changes, if any, would be appropriate or desirable in order to optimise and rationalise the business activities and assets portfolio of the Group. Save as aforesaid and the Special Deal Transactions, it is the current intention of the Offeror to continue with the existing principal businesses of the Group in the manner in which it is presently conducted.

It is intended that certain of the Group's existing loan facilities will be refinanced after completion of the Offers.

The Offeror has no current intention to introduce any significant changes to the management of the Company, or to discontinue the employment of the employees, following completion of the Offers.

## **INTENTION OF THE DIRECTORS**

Assuming the Offers are to be implemented, it is the current intention of the existing Directors for the period between the date of this announcement up to the Closing Date that (i) they will continue the business of the Group; (ii) they will not make

major changes to the business of the Group or to dispose of or re-deploy the assets of the Group other than in its ordinary and usual course of business; and (iii) they will continue to employ the existing number of employees of the Group other than the usual turnover of employees during the ordinary and usual course of business of the Group.

It is the current intention of Mr. Francis Cheung that he will resign as an executive Director upon or before the expiry of three months after the Unconditional Date and shall remain as a Director and a director of the Company's subsidiaries which he serves as a director as at 30 June 2013, at all times up to and until his resignation.

It is the current intention of Mr. David Chien that he will resign from the Board with effect from the later of the First Closing Date or the Unconditional Date, if he has not resigned earlier.

It is the current intention of Mr. Victor Fung that he will remain as a Director.

It is the current intention of Miss Jennifer Kwok that she will remain as a Director for up to six months after the Unconditional Date.

Pursuant to the Irrevocable Undertakings, each of Mr. Francis Cheung, Mr. Victor Fung and Mr. David Chien has given certain pre-completion undertakings in favour of the Offeror for the period from the date of the Irrevocable Undertakings until his resignation as Director or the Unconditional Date (whichever is the later) (in the case of Mr. Victor Fung, until the Final Closing Date), except in connection with the Special Deal Transactions or otherwise agreed in writing by the Offeror, he shall not exercise his voting rights in the general meeting of any member of the Group or exercise his power or authority as a member of the board of directors of any member of the Group to support the approval of, among other things, the following matters:

- (i) the taking of any step or action which may give rise to any circumstance that could result in a breach of Rule 4 and General Principle 9 of the Takeovers Code;
- (ii) the declaration, making or payment of any dividend or other distribution to its shareholders save for the dividends which have been declared as at the date of the Irrevocable Undertakings and any dividend declared and paid by Tysan Building Construction (China) to Tysan Building Construction representing the proceeds received from the Great Prosper Acquisition;
- (iii) the entering into of any new material contracts or renewal or amendments to the terms and conditions of any existing material contracts;
- (iv) the entering into of any guarantee, indemnity or other agreement to secure any obligation of a third party (other than a member of the Group) or the creation of any encumbrance over any of its assets or undertaking other than any guarantee, indemnity or encumbrance which are in place as at the date of the Irrevocable Undertakings; and

- (v) the carrying out of any action which is likely to materially jeopardise or diminish the value of any tangible assets of any members of the Group.

For the avoidance of doubt, Mr. Francis Cheung (together with Power Link, Long Billion, Easternfunds and Grand Thunder), Mr. Victor Fung, Miss Jennifer Kwok, Mr. David Chien, Mr. Jackel Cheung and Miss Miranda Ng shall abstain from voting on all the Shareholders' resolutions approving the Special Deal Transactions and the Non-exempt Connected Transactions at the SGM.

## **COMPULSORY ACQUISITION AND LISTING STATUS OF THE COMPANY**

Section 102(1) of the Companies Act provides that if, within four months after making the Share Offer, holders of not less than 90% in value of the Shares (excluding those Shares held at the date of the Share Offer by, or by a nominee for, the Offeror or its subsidiary) approve the Share Offer, the Offeror may acquire the Shares of any dissenting Shareholder. The Offeror may, within two months beginning from the date on which such approval is obtained, give notice to any dissenting Shareholder that it desires to acquire that Shareholder's Shares ("**notice of compulsory acquisition**"). The Shares must be acquired on the same terms as those of the Share Offer. Dissenting Shareholders may apply to the Supreme Court of Bermuda to object to the proposed compulsory acquisition within one month on which the notice of compulsory acquisition was given.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by the Companies Act, acceptances of the Share Offer and purchases (in each case of the disinterested Shares) made by the Offeror and persons acting in concert with it during the period of four months after posting of the Composite Document total 90% of the disinterested Shares.

If the Offeror obtains the prescribed percentage of approval from holders of Shares approving the Share Offer as required by Section 102(1) of the Companies Act and is permitted to do so under Rule 2.11 of the Takeovers Code, the Offeror intends to consider availing itself of the powers of compulsory acquisition under Section 102(1) of the Companies Act.

According to Rule 15.6 of the Takeovers Code, since the Offeror intends to consider availing itself of the powers of compulsory acquisition under the Companies Act to compulsorily acquire those Shares not acquired by the Offeror under the Share Offer, the Share Offer may not remain open for acceptance for more than four months from the posting of the Composite Document, unless the Offeror has by that time become entitled to exercise such powers of compulsory acquisition available to it under the Companies Act, in which event the Offeror must do so without delay.

If the level of acceptances of the Share Offer reaches the prescribed level under Section 102(1) of the Companies Act and Rule 2.11 of the Takeovers Code permits a compulsory acquisition, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatisation of the Company, the Company will apply for the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the Shares from the close of the Share Offer up to the withdrawal of listing of Shares from the Stock Exchange.

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares, whether by reason of not having acquired the prescribed percentage as required under the Companies Act or otherwise, the Offeror may take such steps as are necessary to ensure, or procure the Company to take such steps as are necessary to ensure, that the Company maintains an adequate public float so as to comply with the applicable requirements of the Listing Rules.

According to the Listing Rules, if, upon the close of the Offer, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the close of the Share Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained, and each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Share Offer.

## **FURTHER TERMS OF THE OFFERS**

### **Acceptance of Share Offer**

Subject to the satisfaction or waiver of the Pre-Conditions and the Conditions, the Share Offer will be made on the basis that acceptance of the Share Offer by any person will constitute a warranty by such person or persons to the Offeror that the Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the Closing Date.

## **Hong Kong stamp duty**

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Share Offer. The Offeror will arrange for payment of the stamp duty on behalf of accepting Shareholders in connection with the acceptance of the Share Offer and the transfer of the Shares.

No stamp duty is payable in connection with the cancellation of the Options.

## **GENERAL MATTERS RELATING TO THE OFFERS**

### **Availability of the Offers**

To the extent practicable and permissible under applicable laws and regulations, the Offeror intends to make available the Offers to all Shareholders and the Optionholder, including those who are resident outside Hong Kong. The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should seek professional advice (legal, financial or otherwise) in order to inform themselves about and observe any applicable requirements in their own jurisdictions, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdiction.

In the event that the receipt of the Composite Document by overseas Shareholders is prohibited by any applicable laws and regulations or may only be effected after compliance with conditions or requirements that the directors of the Offeror regard as unduly onerous or burdensome or otherwise not in the best interests of the Offeror or the shareholder(s) of the Offeror as a whole, the Composite Document, subject to the Executive's consent, will not be despatched to such overseas Shareholders. The Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Any arrangements for overseas Shareholders to collect the Composite Document will be set out in a further announcement.

### **Composite Document**

It is the intention of the Offeror and the Company that a Composite Document combining the offer document and the offeree board circular will be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the requirements of the Takeovers Code.

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror and the Company should normally despatch the Composite Document within 21 days of the date of this announcement. As the making of the Offers by the Offeror is subject to the satisfaction or waiver of the Pre-Conditions, pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Offeror will make an application to the Executive for a waiver from Rule 8.2 of the Takeovers Code, pursuant to which the Offeror will apply for the despatch the Composite Document within seven days of the satisfaction or waiver of the Pre-Conditions.

The Composite Document will contain, among other things, details of the Share Offer (accompanying therewith the acceptance and transfer form) and the Option Offer (accompanying therewith the acceptance and cancellation form) and incorporate the letter of recommendation from the Code Independent Board Committee and the letter of advice from the Independent Financial Adviser, information on the Special Deal Transactions and other relevant information on the Offeror and the Group as required under the Takeovers Code.

### **Extension of the Offer Period**

If the Offers have not been declared or have not become unconditional as to acceptances at or before 7:00 p.m. on the 60th day after the posting of the Composite Document, and/or the Offers have not been declared or has not become unconditional in all respects on or before the 81st day after the posting of the Composite Document, the Offers will lapse unless the Offer Period is extended with the consent of the Executive in accordance with the Takeovers Code.

The Offeror will issue an announcement in relation to the revision, extension, expiry or unconditionality of the Offers in accordance with the Takeovers Code and the Listing Rules by 7:00 p.m. on the Closing Date.

### **No dividend or other distribution**

The Company does not intend to declare or pay any dividend or other distribution on the Shares before the Closing Date save and except the payment of final dividend for the financial year ended 31 March 2013 declared by the Company prior to the date of this announcement.

### **Other arrangements**

As at the date of this announcement:

- (a) save as disclosed in the section headed “Irrevocable Undertakings” in this announcement, the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept the Offers;

- (b) the Offeror or parties acting in concert with it do not hold any convertible securities, warrants or options in the Company;
- (c) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or parties acting in concert with it;
- (d) save for the Pre-Conditions and the Conditions, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Offer;
- (e) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (f) the Offeror and parties acting in concert with it have not borrowed or lent any relevant securities in the Company.

## **DEALINGS DISCLOSURE**

Under Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code, including but not limited to persons who own or control 5% or more of any class of relevant securities of the Company) of the Company and of the Offeror are hereby reminded to disclose their dealings in any securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

### ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates (as defined in the Takeovers Code) and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates (as defined in the Takeovers Code) and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **SPECIAL DEALS, NOTIFIABLE AND CONNECTED TRANSACTIONS**

### **(1) Great Prosper Acquisition**

#### *Date*

16 August 2013

#### *Parties Involved*

Vendor: Tysan Building Construction (China)

Purchaser: Duncan Properties

Tysan Building Construction (China) is an investment holding company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Tysan Building Construction. The issued share capital of Tysan Building Construction is owned as to 49% by Tysan Construction and 51% by Victor Create (a company owned as to 60% by Mr. Victor Fung and as to 40% by Mr. Jackel Cheung). As both Mr. Victor Fung and Mr. Jackel Cheung are executive Directors, Victor Create is a connected person of the Company. As Tysan Building Construction is owned as to 51% by Victor Create and therefore a subsidiary of Victor Create, Tysan Building Construction and its wholly-owned subsidiary Tysan Building Construction (China) are associates of Victor Create. Mr. Victor Fung and Mr. Jackel Cheung are interested in approximately 8.58% and 0.10% in the existing issued share capital of the Company, respectively. Mr. Jackel Cheung is a son of Mr. Francis Cheung.

Duncan Properties is an investment holding company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

#### *Subject matter*

- (i) 20% equity interest in Great Prosper; and
- (ii) the interest-free shareholder's loan owing by Great Prosper to Tysan Building Construction (China) as at the date of the Great Prosper SPA, being HK\$31,560,000.

### *Consideration*

The total consideration for the Great Prosper Acquisition is HK\$129,411,764, of which an amount equal to the amount of the shareholder's loan owing by Great Prosper to Tysan Building Construction (China) as at completion of the Great Prosper Acquisition (on a dollar-for-dollar basis) shall be the consideration payable for such shareholder's loan and the balance of the total consideration shall be the consideration payable for the acquisition of 20% equity interest in Great Prosper. The total consideration for the Great Prosper Acquisition will be satisfied in cash upon completion of the Great Prosper Acquisition by internally generated resources of the Group.

The consideration for the Great Prosper Acquisition was determined after arm's length negotiations between Duncan Properties and Tysan Building Construction (China) and is on normal commercial terms. The consideration is determined by reference to comparable market transactions in the locality and have also taken into account the construction costs that will be expended to complete the development to reflect the quality of Tianjin Riverside Project when completed.

Tysan Building Construction (China) has undertaken that, immediately after completion of the Great Prosper Acquisition, it shall distribute the proceeds received from the Great Prosper Acquisition as dividend to its sole shareholder, Tysan Building Construction and will procure Tysan Building Construction to distribute such proceeds to its shareholders, namely Tysan Construction as to 49% (being HK\$63,411,764) and Victor Create as to 51% (being HK\$66,000,000), prior to the consummation of the Tysan Building Construction Disposal.

Each of Mr. Victor Fung and Mr. Jackel Cheung, being one of the ultimate shareholders of Tysan Building Construction (China), has an interest in the Great Prosper Acquisition. Consequently, each of them had abstained from voting on the relevant Board resolution. Mr. Francis Cheung, being the father of Mr. Jackel Cheung, volunteered to abstain from voting on the relevant Board resolution to avoid a perception of a conflict of interest. In addition, in respect of all Special Deal Transactions, given that each of Mr. David Chien and Miss Jennifer Kwok is required to abstain at the SGM to approve the Special Deal Transactions, so as to avoid the perception of a conflict of interest, each of them has also abstained from voting at the Board meeting in respect of resolutions approving the Special Deal Transactions (other than Mr David Chien who did not attend the relevant Board meeting and therefore did not vote). The remaining members of the Board (other than the members of the Independent Board Committees who will defer their views till after advice has been sought from the Independent Financial Adviser) were of the view that the terms of the Great Prosper Acquisition, in the context of the Offers being conditional on

approval by Code Independent Shareholders of the Special Deal Transactions, are fair and reasonable to the Company and its shareholders as a whole. The independent non-executive Directors, namely, Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, and Mr. Li Kit Chee, being members of the LR Independent Board Committee (and in the case of Mr. Li Kit Chee, also being the sole member of the Code Independent Board Committee), did not vote on the relevant transaction and will defer their opinion on the transaction until after they have considered the advice of the Independent Financial Adviser, whose advice will be set out in the Circular.

The Board (excluding the Directors who abstained from voting as set out above) considers that, given the Offers are conditional on the Code Independent Shareholders having at the SGM approved the Special Deal Transactions (of which this is one), the terms of the Great Prosper Acquisition (as a special deal for the purpose of Rule 25 of the Takeovers Code and a connected transaction for the purpose of Chapter 14A of the Listing Rules) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### *Conditions Precedent*

Completion of the Great Prosper Acquisition is conditional upon the satisfaction (or waiver) of the following conditions:

- (a) the consent of the Executive having been obtained to proceed with, and the Code Independent Shareholders having approved at the SGM, the Great Prosper Acquisition in accordance with Note 4 to Rule 25 of the Takeovers Code;
- (b) all regulatory consents and authorisations of any Relevant Authorities which are necessary and required for the purpose of implementing and completing the Great Prosper Acquisition having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in any relevant jurisdiction;
- (c) all mandatory consents from banks and/or third parties, if any, in relation to the Great Prosper Acquisition required pursuant to any agreement to which it is a party having been obtained or waived by the relevant party(ies);
- (d) no governing action, court order or legal proceedings having been taken or made at any time prior to the completion of the Great Prosper Acquisition that has the effect of making unlawful otherwise prohibiting or restriction the consummation of the Great Prosper Acquisition, or any other transaction contemplated under the Great Prosper SPA;

- (e) all representations and warranties in the Great Prosper SPA being true and accurate in all respects and not misleading in any respect as of completion of the Great Prosper Acquisition; and
- (f) the Share Offer having become or being declared unconditional in all respects.

In the event that any of the above conditions precedent is not satisfied (or, in the case of (c) or (e), waived by Duncan Properties) by the parties on or before the Long Stop Date, the Great Prosper SPA will lapse and neither party to the Great Prosper SPA will have any obligation or liability thereunder save for antecedent breaches.

### *Completion*

Subject to the satisfaction (or in the case of (c) or (e), waiver by Duncan Properties) of the above conditions precedent, completion of the Great Prosper Acquisition shall take place on the tenth Business Day after the First Closing Date or such other date as the parties may agree in writing.

### *Information on Great Prosper*

Great Prosper was incorporated by the Group in 2002 and its authorised share capital is HK\$10,000 divided into 10,000 shares of HK\$1.00 each and its issued share capital at the time of incorporation was HK\$100 divided into 100 shares of HK\$1.00 each.

Great Prosper is a company incorporated in Hong Kong with limited liability, which is owned as to 80% by Duncan Properties and 20% by Tysan Building Construction (China).

Great Prosper is an investment holding company and its wholly-owned subsidiary 泰昇房地產開發(天津)有限公司 (Tysan Property Development (Tianjin) Company Limited) is principally engaged in property development in Tianjin, PRC. As at the date of this announcement, Tysan Property Development (Tianjin) Company Limited had no material assets or businesses other than its interests in the Tianjin Riverside Project.

The consolidated net asset value of Great Prosper as of 31 December 2012, based on the audited accounts of Great Prosper as at 31 December 2012, is approximately HK\$83,454,000. The consolidated net profit / (loss) of Great Prosper for the last two financial years ended 31 December 2011 and 2012 are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit / (loss) before taxation	137,421	(12,080)
Net profit / (loss) after taxation	66,882	(12,397)

#### *Reasons for the Great Prosper Acquisition*

Taking into account the possible Offers, the Company has agreed to restructure its shareholdings in some investments so as to eliminate minority shareholdings in some of its core businesses. For this reason, the Company has taken the step of acquiring the 20% equity stake in Great Prosper not currently held by Duncan Properties and which, after completion of the Great Prosper Acquisition, will become wholly-owned by the Company.

#### *Effect of the Great Prosper Acquisition*

Upon completion of the Great Prosper Acquisition, Great Prosper will become a wholly-owned subsidiary of Duncan Properties and hence, an indirect wholly-owned subsidiary of the Company. Consolidated assets, liabilities and results of Great Prosper and its subsidiary will continue to be 100% accounted for in the Company's consolidated financial statements.

As the Great Prosper Acquisition will not result in any change in control by the Company over Great Prosper, the excess of net cash consideration of approximately of HK\$66,000,000 over the decrease in carrying amount of non-controlling interest of approximately HK\$8,512,000 as at 31 December 2012 and the decrease in loan from a non-controlling interest of HK\$12,526,000 as at 31 December 2012, is recognised directly in equity. The Great Prosper Acquisition will have no impact on the consolidated income statement of the Company.

## **(2) Tysan Foundation (Hong Kong) Disposal**

### *Date*

16 August 2013 (as amended on 18 August 2013)

### *Parties Involved*

Vendor: the Company

Purchaser: Fortunate Pool, a company wholly-owned by Mr. Victor Fung

Fortunate Pool is an investment holding company incorporated in Hong Kong with limited liability, which entire issued share capital is owned by Mr. Victor Fung. Mr. Victor Fung is an executive Director and hence a connected person of the Company. As at the date of this announcement, Mr. Victor Fung is interested in approximately 8.58% in the issued share capital of the Company.

### *Subject matter*

- (i) 40% equity interest in Tysan Foundation (Hong Kong); and
- (ii) 40% of the interest-free shareholder's loan owing by Tysan Foundation (Hong Kong) to the Company as at the date of the Tysan Foundation (Hong Kong) SPA, being HK\$32,000,000.

### *Consideration*

The total consideration for the Tysan Foundation (Hong Kong) Disposal is HK\$157,000,000 payable in cash upon completion of the Tysan Foundation (Hong Kong) Disposal.

The consideration was determined after arm's length negotiations between the Company and Mr. Victor Fung and is on normal commercial terms taking into account, inter alia, Tysan Foundation (Hong Kong)'s earnings, degree of control, liquidity and where applicable, Tysan Foundation (Hong Kong)'s dependence on key personnel.

Mr. Victor Fung, being the sole shareholder of Fortunate Pool, has an interest in the Tysan Foundation (Hong Kong) Disposal. Consequently, he had abstained from voting on the relevant Board resolution. In addition, in respect of all Special Deal Transactions, given that each of Mr. Francis Cheung, Mr. David Chien, Miss Jennifer Kwok and Mr. Jackel Cheung is required to abstain at the SGM to approve the Special Deal Transactions, so as to avoid the perception of a conflict of interest, each of them has also abstained from voting at the Board meeting in respect of resolutions approving the Special Deal Transactions (other than Mr David Chien who did not attend the relevant Board meeting and therefore did not vote). The remaining members of the Board (other than the members of the Independent Board Committees who will defer their views till after advice has been sought from the Independent Financial Adviser) were of the view that the terms of the Tysan Foundation (Hong

Kong) Disposal, in the context of the Offers being conditional on approval by Code Independent Shareholders of the Special Deal Transactions, are fair and reasonable to the Company and its shareholders as a whole. The independent non-executive Directors, namely, Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, and Mr. Li Kit Chee, being members of the LR Independent Board Committee (and in the case of Mr. Li Kit Chee, also being the sole member of the Code Independent Board Committee), did not vote on the relevant transaction and will defer their opinion on the transaction until after they have considered the advice of the Independent Financial Adviser, whose advice will be set out in the Circular.

The Board (excluding the Directors who abstained from voting as set out above) considers that, given the Offers are conditional on the Code Independent Shareholders and the LR Independent Shareholders having at the SGM approved the Special Deal Transactions (of which this is one) and the Non-exempt Connected Transactions (of which this is one), respectively, the terms of the Tysan Foundation (Hong Kong) Disposal (as a special deal for the purpose of Rule 25 of the Takeovers Code and a connected transaction for the purpose of Chapter 14A of the Listing Rules) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### *Conditions Precedent*

Completion of the Tysan Foundation (Hong Kong) Disposal is conditional upon the satisfaction (or waiver) of the following conditions:

- (a) the consent of the Executive having been obtained to proceed with, and the Code Independent Shareholders having approved at the SGM, the Tysan Foundation (Hong Kong) Disposal in accordance with Note 4 to Rule 25 of the Takeovers Code;
- (b) the Company having obtained the approval of the LR Independent Shareholders at the SGM in respect of the Tysan Foundation (Hong Kong) Disposal in accordance with the applicable requirements under the Listing Rules;
- (c) no government action, court order or legal proceedings having been taken making the Tysan Foundation (Hong Kong) Disposal unlawful;
- (d) the Share Offer having become or being declared unconditional in all respects;
- (e) the representations and warranties as set out in the Tysan Foundation (Hong Kong) SPA remaining true and accurate in all material respects and not misleading in any material respects as of completion of the Tysan Foundation (Hong Kong) Disposal; and

(f) the Deed of Counter-Indemnity having been executed by Fortunate Pool and Mr. Victor Fung in favour of the Company.

In the event that any of the above conditions precedent is not satisfied or waived by the parties (other than conditions (a), (b), (c) and (f) which cannot be waived) on or before the Long Stop Date, the Tysan Foundation (Hong Kong) Disposal SPA will lapse and neither party to the Tysan Foundation (Hong Kong) Disposal SPA will have any obligation or liability thereunder save for antecedent breach.

#### *Completion*

Subject to the satisfaction or waiver (other than conditions (a), (b), (c) and (f) which cannot be waived) of the above conditions precedent, completion of the Tysan Foundation (Hong Kong) Disposal shall take place on the tenth Business Day after the First Closing Date or such other date as the parties may agree in writing.

#### *Information on Tysan Foundation (Hong Kong)*

Tysan Foundation (Hong Kong) is a company incorporated in Hong Kong with limited liability, which is currently a direct wholly-owned subsidiary of the Company. Members of the Tysan Foundation (Hong Kong) Group are principally engaged in the business of foundation piling related works (including foundation piling, substructure and basement construction, site formation, ground investigation, landslip preventive and slope works, demolition as well as road and drainage works) for public and/or private sectors and/or non-government organisations.

The combined net profits of Tysan Foundation (Hong Kong) Group for the last two financial years ended 31 March 2012 and 2013, based on the audited accounts of the Group as at 31 March 2012 and 2013, are as follows:

	<b>For the year ended</b>	
	<b>31 March</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profits before taxation	37,880	194,786
Net profits after taxation	27,403	160,686

*Note : representing the combined net profit of Tysan Foundation (Hong Kong) and the subsidiaries for the financial years ended 31 March 2012 and 2013 as if they were already subsidiaries of Tysan Foundation (Hong Kong) at 1 April 2011.*

The combined net asset value of the Tysan Foundation (Hong Kong) Group as of 31 March 2013, based on the audited accounts of the Group as at 31 March 2013, is approximately HK\$312 million. For the purpose of illustration, based on the combined net asset value of the Tysan Foundation (Hong Kong) Group as of 31 March 2013, the net asset value attributable to 40% of the shareholding interest in Tysan Foundation (Hong Kong) is approximately HK\$124.8 million.

#### *Reasons for the Tysan Foundation (Hong Kong) Disposal*

The Board (other than those who abstained from the resolution to approve the Tysan Foundation (Hong Kong) Disposal) considers that the Tysan Foundation (Hong Kong) Disposal will be beneficial to the Company on the following reasons:

- (1) Mr. Victor Fung is considered to be the key person in leading the Tysan Foundation (Hong Kong) Group and is considered to be essential to its growth and development. The Tysan Foundation (Hong Kong) Disposal will help to maintain the continuity, stability and growth of the Tysan Foundation (Hong Kong) Group by establishing a long term and strategic alliance with Mr. Victor Fung.
- (2) As the Company will still continue to maintain control on the equity interest in Tysan Foundation (Hong Kong) notwithstanding the Tysan Foundation (Hong Kong) Disposal, the Company will continue to benefit from any potential growth in Tysan Foundation (Hong Kong) to be carried on by the Tysan Foundation (Hong Kong) Group through consolidation of financial results generated by the Tysan Foundation (Hong Kong) Group.
- (3) It gives the Company the opportunity to realize and receive certain amount of cash proceeds that will arise from the disposal of part of the Company's interest in the business of the Tysan Foundation (Hong Kong) Group while at the same time align Mr. Victor Fung's interests with that of the Group.

#### *Use of proceeds*

The Company intends to use the net proceeds from the Tysan Foundation (Hong Kong) Disposal for general working capital of the Group and where necessary, repayment of debt.

#### *Effect of the Tysan Foundation (Hong Kong) Disposal*

Immediately after completion of the Tysan Foundation (Hong Kong) Disposal, Tysan Foundation (Hong Kong) and its subsidiaries will cease to be wholly-owned by the Company. Tysan Foundation (Hong Kong) will become a 60% owned subsidiary of the Company. The financial results of the Tysan Foundation (Hong Kong) Group will continue to be consolidated into the Company's consolidated financial statements.

It is expected that the Tysan Foundation (Hong Kong) Disposal will not have any material impact on the earnings of the Company.

Upon completion of the Tysan Foundation (Hong Kong) Disposal, the Company's equity interest in Tysan Foundation (Hong Kong) will be reduced to 60%, while Mr. Victor Fung's equity interest through Fortunate Pool in Tysan Foundation (Hong Kong) will be 40%. The Company, Fortunate Pool, Mr. Victor Fung and Tysan Foundation (Hong Kong) will enter into the Shareholders' Agreement upon completion of the Tysan Foundation (Hong Kong) Disposal to set out their mutual agreement regarding corporate governance of Tysan Foundation (Hong Kong) and the parties' respective rights and obligations in respect of Tysan Foundation (Hong Kong).

#### *Shareholders' Agreement*

Upon completion of the Tysan Foundation (Hong Kong) Disposal, the Company, Fortunate Pool, Mr. Victor Fung and Tysan Foundation (Hong Kong) will enter into the Shareholders' Agreement to set out their mutual agreement regarding the corporate governance of Tysan Foundation (Hong Kong) and the respective rights and obligations of the shareholders of Tysan Foundation (Hong Kong). Mr. Victor Fung has agreed to guarantee the performance of the obligations of Fortunate Pool under or arising from the Shareholders' Agreement.

The principal terms of the Shareholders' Agreement are set out below:

#### **(a) Board composition**

The board of directors of Tysan Foundation (Hong Kong) shall comprise of a maximum number of five directors. Fortunate Pool shall have the right to nominate two executive directors to the board of directors of Tysan Foundation (Hong Kong) for so long as Fortunate Pool owns not less than 40% of the issued share capital of Tysan Foundation (Hong Kong). The Company shall be entitled to nominate three non-executive directors to the board of directors of Tysan Foundation (Hong Kong).

#### **(b) Management and shareholders' reserved matters**

After completion of the Tysan Foundation (Hong Kong) Disposal, Mr. Victor Fung, as a director of Tysan Foundation (Hong Kong), and the other director nominated by Fortunate Pool shall be responsible and have authority for, among other things, the day-to-day management of the business and operations of projects, the general business development as well as the formulation of the overall strategies of the Tysan Foundation (Hong Kong) Group. The Company

shall have the sole responsibility and authority to approve, among other things, the obtaining or re-financing of any loan or third party financing by the Tysan Foundation (Hong Kong) Group (with the exception that if any guarantee, security or indemnity is required from Fortunate Pool or Mr. Victor Fung for the obtaining or re-financing of such loan or third party financing at any time after the expiry of 24 months from the closing of the Share Offer, the obtaining or re-financing of such loan or third party financing by the Tysan Foundation (Hong Kong) Group shall also be subject to the approval of Mr. Victor Fung).

The Company shall have the right to nominate a candidate for the position of chief financial officer of Tysan Foundation (Hong Kong) or designate one of its nominated director as an executive director, in each case to be in charge of financial and book keeping matters of Tysan Foundation (Hong Kong). The appointment or designation of such candidate shall be subject to mutual consent of the Company and Fortunate Pool.

Unanimous consent of all shareholders of Tysan Foundation (Hong Kong) will be required for certain customary matters relating to Tysan Foundation (Hong Kong) Group, including, among other things:

- (i) approval of annual budget and business plan;
- (ii) change in the business nature;
- (iii) any creation, allotment or issue or agreement to create, allot or issue any shares or any grant or agreement to grant any options over or right to subscribe for any additional shares, or any purchase or redemption of shares, the cumulative subscription or acquisition monies of which is more than HK\$50 million unless the capital raised is for repaying or reducing indebtedness or liabilities of the Tysan Foundation (Hong Kong) Group;
- (iv) any liquidation, dissolution, winding up or entering into of arrangements with creditors of any member of the Tysan Foundation (Hong Kong) Group;
- (v) the merger or amalgamation of any member of the Tysan Foundation (Hong Kong) Group with any other companies;
- (vi) approval of any contracts or agreements (including contracts entered into in the ordinary course of business of the Tysan Foundation (Hong Kong) Group) of a value or consideration of over HK\$550 million;
- (vii) any variation of any rights attaching to any of the shares of Tysan Foundation (Hong Kong); and

(viii) any declaration, making or payment of any distribution of capital, income and dividends to the shareholders of Tysan Foundation (Hong Kong) otherwise than in accordance with the proportions as representing the shareholding of the shareholders or otherwise than in accordance with the dividend policy of Tysan Foundation (Hong Kong).

**(c) Dividends**

Subject to any requirements of the applicable laws, the dividend policy of Tysan Foundation (Hong Kong) is to distribute not less than 50% of (1) the distributable profits of Tysan Foundation (Hong Kong) Group, and (2) the net profit after taken into account the capital expenditure projection requirements, whichever is more, to the shareholders of Tysan Foundation (Hong Kong) in proportion to their shareholdings in Tysan Foundation (Hong Kong). Dividend shall be payable annually within three months after the relevant financial year end.

**(d) Transfer of shares and lock-up**

Any transfer of shares in Tysan Foundation (Hong Kong) shall be subject to customary first right of refusal, drag-along and tag-along rights of the other shareholder.

Save as otherwise provided, without the prior written consent of the Offeror, Fortunate Pool shall not sell, transfer or create encumbrances (other than the creation of security over such shares in favour of authorized banking institutions for a bona fide loan) over any of its shares in Tysan Foundation (Hong Kong), and Mr. Victor Fung shall not sell, transfer or create such encumbrances over any of his shares in Fortunate Pool, in each case until the earlier of (i) the expiry of 60 months after completion of the Tysan Foundation (Hong Kong) Disposal; or (ii) a Blackstone Exit Event.

A “Blackstone Exit Event” means Blackstone ceasing to hold, or manage funds which hold, 50% or more equity interest in the Company or ceasing to control the composition of a majority of the Board (excluding independent non-executive Directors) or ceasing to hold, or manage funds which hold, 50% or more equity interest in the Offeror or Holdco.

**(e) Duration**

The Shareholders’ Agreement shall continue until such time as it is terminated by the written agreement of the parties or a shareholder ceasing to hold any shares in Tysan Foundation (Hong Kong).

*Guarantees and Indemnities Provided by the Group to Tysan Foundation (Hong Kong) Group*

The Company (as the sole beneficial owner of Tysan Foundation (Hong Kong)) and its subsidiaries (other than the Tysan Foundation (Hong Kong) Group) have in the past executed various Guarantee and Indemnity Documents whereby the Group (other than the Tysan Foundation (Hong Kong) Group) provided the Guarantees and Indemnities in respect of or in connection with the Banking Facilities. The Guarantees and Indemnities were provided by the Group (other than the Tysan Foundation (Hong Kong) Group) as security to enable the Tysan Foundation (Hong Kong) Group to obtain the Banking Facilities to support its normal commercial operations. The maximum liability of the Group (other than the Tysan Foundation (Hong Kong) Group) under the existing Guarantees and Indemnities is about HK\$1.25 billion. The Group (other than the Tysan Foundation (Hong Kong) Group) intends to continue to provide the Guarantees and Indemnities to the Financial Institutions in connection with the Banking Facilities for a period of up to 24 months from the closing of the Share Offer.

All Guarantees and Indemnities given by the Company and its subsidiaries (other than the Tysan Foundation (Hong Kong) Group) to Tysan Foundation (Hong Kong) Group shall be irrevocably and unconditionally released by no later than 24 months from the closing of the Share Offer.

Pursuant to the Deed of Counter-Indemnity to be executed by Fortunate Pool and Mr. Victor Fung in favour of the Company upon completion of the Tysan Foundation (Hong Kong) Disposal, Fortunate Pool and Mr. Victor Fung, both as covenantors, shall jointly and severally irrevocably covenant with the Company that they will, (a) for so long as Mr. Victor Fung and Fortunate Pool own, directly or indirectly, 40% of Tysan Foundation (Hong Kong); and (b) for so long as the Company remains as a company whose shares are listed on the Stock Exchange, at all times fully and effectively indemnify and keep the Company (and/or its subsidiaries) indemnified against 40% of all liabilities, damages, costs, charges and expenses of whatever nature under or arising from the Guarantees and Indemnities and the Guarantee and Indemnity Documents.

As one or more of the applicable percentage ratios in respect of the liability of the Company under or arising from the Guarantees and Indemnities, when aggregated with the Tysan Foundation (Hong Kong) Disposal exceed(s) 25% but is/are less than 75% for the Company and as Tysan Foundation (Hong Kong) will cease to be a wholly-owned subsidiary of the Company upon completion of the Tysan Foundation (Hong Kong) Disposal, the continued provision by the Company of the Guarantees and Indemnities after completion of the Tysan Foundation (Hong Kong) Disposal will

constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the requirements of reporting, announcement and the approval by the LR Independent Shareholders under Chapter 14 of the Listing Rules. Further, as Mr. Victor Fung and Fortunate Pool are connected persons, the continued provision of the Guarantees and Indemnities after completion of the Tysan Foundation (Hong Kong) Disposal will also constitute connected transactions of the Company under Chapter 14A of the Listing Rules and the Company's provision of the Guarantees and Indemnities is therefore subject to the requirements of reporting, announcement and the approval by the LR Independent Shareholders under Chapter 14A of the Listing Rules.

#### *Reasons and benefits of the Guarantees and Indemnities*

Having considered the terms of the Banking Facilities and the relevant Guarantee and Indemnity Documents, and taking into consideration of the counter-indemnities to be given by Mr. Victor Fung and Fortunate Pool under the Deed of Counter-Indemnity, the Board (other than those who abstained from the resolution to approve the Tysan Foundation (Hong Kong) Disposal) is of the view that it is appropriate and beneficial for the Company to continue to support the Tysan Foundation (Hong Kong) Group in its business by way of the Guarantees and Indemnities which are essential to the grant of the Banking Facilities should the Company continues to list on the Stock Exchange.

The Board (other than those who abstained from the resolution to approve the Tysan Foundation (Hong Kong) Disposal) is of the view that the terms of the Banking Facilities are in line with those provided by other banks and are on normal commercial terms, and they accept that it is common for banks to require a sole or joint and several guarantees to be given by the ultimate listed holding company because they are relatively more confident in the financial position of the controlling listed company and therefore consider its guarantee to be a preferred security for their banking facilities. Furthermore, the Company has the experience and understanding that a guarantee to be provided by the Company and Mr. Victor Fung, on a several and pro rata basis (instead of on a joint and several basis) for the Banking Facilities is generally not acceptable to the Financial Institutions.

As the Guarantees and Indemnities are part of the Tysan Foundation (Hong Kong) Disposal and given that the Offers are conditional on the Code Independent Shareholders and the LR Independent Shareholders having at the SGM approved the Special Deal Transactions (of which the Tysan Foundation (Hong Kong) Disposal is one) and the Non-exempt Connected Transactions (of which the Tysan Foundation

(Hong Kong) Disposal is one), respectively, the Board (other than those who abstained from the resolution to approve the Tysan Foundation (Hong Kong) Disposal) is of the view that the terms of the Guarantees and Indemnities are fair and reasonable and in the interest of the Shareholders as a whole.

### **(3) Tysan Building Construction Disposal**

#### *Date*

16 August 2013

#### *Parties Involved*

Vendor: Tysan Construction

Purchaser: Mr. Victor Fung

Mr. Victor Fung is an executive Director and hence a connected person of the Company. As at the date of this announcement, Mr. Victor Fung is interested in approximately 8.58% in the issued share capital of the Company.

#### *Subject matter*

- (i) 49% interest in Tysan Building Construction; and
- (ii) the interest-free shareholder's loan owing by Tysan Building Construction to Tysan Construction as at the date of the Tysan Building Construction SPA, being HK\$7,350,000.

#### *Consideration*

The total consideration for the Tysan Building Construction Disposal is HK\$17,150,000, of which an amount equal to the amount of the shareholder's loan owing by Tysan Building Construction to Tysan Construction as at completion of the Tysan Building Construction Disposal (on a dollar-for-dollar basis) shall be the consideration payable for such shareholder's loans and the balance of the total consideration shall be the consideration payable for the 49% equity interest in Tysan Building Construction. The total consideration for the Tysan Building Construction Disposal shall be payable in cash upon completion of the Tysan Building Construction Disposal.

The consideration for the Tysan Building Construction Disposal was determined after arm's length negotiations between Tysan Construction and Mr. Victor Fung and is on normal commercial terms, taking into account, inter alia, the operating and financial performance and the future prospects of the business of Tysan Building Construction and key personnel dependence.

Each of Mr. Victor Fung, being a party to the Tysan Building Construction Disposal and an ultimate shareholder of Tysan Building Construction, and Mr. Jackel Cheung, being an ultimate shareholder of Tysan Building Construction, has an interest in the Tysan Building Construction Disposal. Consequently, each of them had abstained from voting on the relevant Board resolution. Mr. Francis Cheung, being the father of Mr. Jackel Cheung, volunteered to abstain from voting on the relevant Board resolution to avoid a perception of a conflict of interest. In addition, in respect of all Special Deal Transactions, given that each of Mr. David Chien and Miss Jennifer Kwok is required to abstain at the SGM to approve the Special Deal Transactions, so as to avoid the perception of a conflict of interest, each of them has also abstained from voting at the Board meeting in respect of resolutions approving the Special Deal Transactions (other than Mr David Chien who did not attend the relevant Board meeting and therefore did not vote). The remaining members of the Board (other than the members of the Independent Board Committees who will defer their views till after advice has been sought from the Independent Financial Adviser) were of the view that the terms of the Tysan Building Construction Disposal, in the context of the Offers being conditional on approval by Code Independent Shareholders of the Special Deal Transactions, are fair and reasonable to the Company and its shareholders as a whole. The independent non-executive Directors, namely, Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, and Mr. Li Kit Chee, being members of the LR Independent Board Committee (and in the case of Mr. Li Kit Chee, also being the sole member of the Code Independent Board Committee), did not vote on the relevant transaction and will defer their opinion on the transaction until after they have considered the advice of the Independent Financial Adviser, whose advice will be set out in the Circular.

The Board (excluding the Directors who abstained from voting for the reasons described above) considers that, given the Offers are conditional on the Code Independent Shareholders and the LR Independent Shareholders having at the SGM approved the Special Deal Transactions (of which this is one) and the Non-exempt Connected Transactions (of which this is one), respectively, the terms of the Tysan Building Construction Disposal (as a special deal for the purpose of Rule 25 of the Takeovers Code and a connected transaction for the purpose of Chapter 14A of the Listing Rules) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *Conditions Precedent*

Completion of the Tysan Building Construction Disposal is conditional upon the satisfaction (or waiver) of the following conditions:

- (a) the consent of the Executive having been obtained to proceed with, and the Code Independent Shareholders having approved at the SGM, the Tysan Building Construction Disposal in accordance with Note 4 to Rule 25 of the Takeovers Code;
- (b) the Company having obtained the approval of the LR Independent Shareholders at the SGM in respect of the Tysan Building Construction Disposal in accordance with the applicable requirements under the Listing Rules;
- (c) all regulatory consents and authorisations of any Relevant Authorities which are necessary and required for the purpose of implementing and completing the Tysan Building Construction Disposal having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in any relevant jurisdiction;
- (d) all mandatory consents from banks and/or third parties, if any, in relation to the Tysan Building Construction Disposal required pursuant to any agreement to which it is a party having been obtained or waived by the relevant party(ies);
- (e) no governing action, court order or legal proceedings having been taken or made at any time prior to the completion of the Tysan Building Construction Disposal that has the effect of making unlawful otherwise prohibiting or restriction the consummation of the Tysan Building Construction Disposal, or any other transaction contemplated under the Tysan Building Construction SPA;
- (f) all representations and warranties in the Tysan Building Construction SPA being true and accurate in all material respects and not misleading in any material respect as of completion of the Tysan Building Construction Disposal;
- (g) the Share Offer having become or being declared unconditional in all respects;
- (h) the declaration and payment of a dividend to the shareholders of Tysan Building Construction of an aggregate amount representing the entire sum of dividend that Tysan Building Construction received from Tysan Building Construction (China) which in turn representing the proceeds received by Tysan Building Construction (China) from the Great Prosper Acquisition; and

- (i) all guarantees or indemnities given by the Company or any of its subsidiaries and all security, charges, mortgages or pledges over the assets of the Company or any of its subsidiaries, in each case given for the purpose of securing the loans granted to Tysan Building Construction or any of its subsidiaries or securing the performance of the obligations or satisfaction of liabilities of Tysan Building Construction or any of its subsidiaries having been irrevocably and unconditionally released upon completion of the Tysan Building Construction Disposal (or if the release is subject to any conditions, such conditions having been fulfilled).

In the event that any of the above conditions precedent is not satisfied (or, in the case of (c) or (d), waived by Mr. Victor Fung) by the parties on or before the Long Stop Date, the Tysan Building Construction SPA will lapse and neither party to the Tysan Building Construction SPA will have any obligation or liability thereunder save for antecedent breach.

#### *Completion*

Subject to the satisfaction (or, in the case of (c) or (d), waiver by Mr. Victor Fung) of the above conditions precedent, completion of the Tysan Building Construction Disposal shall take place on the tenth Business Day after the First Closing Date or such other date as the parties may agree in writing.

#### *Information on Tysan Building Construction*

Tysan Building Construction is a company incorporated in Hong Kong with limited liability, which is owned as to 49% by Tysan Construction and as to 51% by Victor Create.

Tysan Building Construction and its subsidiaries are principally engaged in building and construction works.

The consolidated net asset value of Tysan Building Construction as of 31 March 2013, based on the audited accounts of Tysan Building Construction as at 31 March 2013, is approximately HK\$51,108,000. The consolidated net profits of Tysan Building Construction for the last two financial years ended 31 March 2012 and 2013 are as follows:

	<b>For the year ended 31 March</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profits before taxation	10,730	2,622
Net profits after taxation	8,926	2,226

### *Reasons for the Tysan Building Construction Disposal*

Taking into account the possible Offers, the Company has agreed to restructure its shareholdings in non-core investments in the Group so as to focus on its property development and foundation piling business. For this reason, the Company has taken the step of disposing its 49% equity stake in Tysan Building Construction so that after completion, the Company ceases to have a direct or indirect equity interest in Tysan Building Construction.

### *Use of proceeds*

The Company intends to use the net proceeds from the Tysan Building Construction Disposal for general working capital of the Group.

### *Effect of the Tysan Building Construction Disposal*

Upon completion of the Tysan Building Construction Disposal, Tysan Construction will cease to have any interest in Tysan Building Construction and its subsidiaries and associates.

Based on the consideration of HK\$17,150,000 less the carrying value of the interests in Tysan Building Construction of approximately HK\$32,387,000 as at 31 March 2013 and add the dividend to be received from Tysan Building Construction upon completion of the Great Prosper Acquisition of HK\$12,034,410, the Tysan Building Construction Disposal is expected to give rise to a loss attributable to the Company of approximately HK\$3,203,000. The actual gain or loss from the Tysan Building Construction Disposal to be recorded by the Company will depend on the financial position of Tysan Building Construction as at the completion date of Tysan Building Construction Disposal.

## **(4) Tysan Trading Disposal**

### *Date*

16 August 2013

### *Parties Involved*

Vendor: Tysan Investment

Purchaser: Miss Jennifer Kwok

Miss Jennifer Kwok is an executive Director and hence a connected person of the Company. As at the date of this announcement, Miss Jennifer Kwok is interested in approximately 2.29% of the issued share capital of the Company.

*Subject matter*

- (i) 40% equity interest in Tysan Trading; and
- (ii) the interest-free shareholder's loan owing by Tysan Trading to Tysan Investment as at the date of the Tysan Trading SPA, being HK\$800,000.

*Consideration*

The total consideration for the Tysan Trading Disposal is HK\$4,400,000, of which an amount equal to the amount of the shareholder's loan owing by Tysan Trading to Tysan Investment as at completion of the Tysan Trading Disposal (on a dollar-for-dollar basis) shall be the consideration payable for such shareholder's loans and the balance of the total consideration shall be the consideration payable for the 40% equity interest in Tysan Trading. The total consideration for the Tysan Trading Disposal shall be payable in cash upon completion of the Tysan Trading Disposal.

The consideration for the Tysan Trading Disposal was determined after arm's length negotiations between Tysan Investment and Miss Jennifer Kwok and is on normal commercial terms. The consideration is determined by taking into account, inter alia, business and market risks, operating and financial performance as well as the future prospects of the business of Tysan Trading and dependence on key personnel.

Each of Miss Jennifer Kwok, being a party to the Tysan Trading Disposal and a shareholder of Tysan Trading, and Mr. Victor Fung, being a shareholder of Tysan Trading, has an interest in the Tysan Trading Disposal. Consequently, each of them had abstained from voting on the relevant Board resolution. In addition, in respect of all Special Deal Transactions, given that each of Mr. Francis Cheung, Mr. David Chien and Mr. Jackel Cheung is required to abstain at the SGM to approve the Special Deal Transactions, so as to avoid the perception of a conflict of interest, each of them has also abstained from voting at the Board meeting in respect of resolutions approving the Special Deal Transactions (other than Mr David Chien who did not attend the relevant Board meeting and therefore did not vote). The remaining members of the Board (other than the members of the Independent Board Committees who will defer their views till after advice has been sought from the Independent Financial Adviser) were of the view that the terms of the Tysan Trading Disposal, in the context of the Offers being conditional on approval by Code Independent Shareholders of the Special Deal Transactions, are fair and reasonable to the Company and its shareholders as a whole. The independent non-executive Directors, namely, Mr. Fan Chor Ho, Mr. Tse Man Bun, and Mr. Lung Chee Ming, George, and Mr. Li Kit Chee, being members of the LR Independent Board Committee (and in the

case of Mr. Li Kit Chee, also being the sole member of the Code Independent Board Committee), did not vote on the relevant transaction and will defer their opinion on the transaction until after they have considered the advice of the Independent Financial Adviser, whose advise will be set out in the Circular.

The Board (excluding the Directors who abstained from voting for the reasons described above) considers that, given the Offers are conditional on the Code Independent Shareholders having at the SGM approved the Special Deal Transactions (of which this is one), the terms of the Tysan Trading Disposal (as a special deal for the purpose of Rule 25 of the Takeovers Code and a connected transaction for the purpose of Chapter 14A of the Listing Rules) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

*Conditions Precedent*

Completion of the Tysan Trading Disposal is conditional upon the satisfaction (or waiver) of the following conditions:

- (a) the consent of the Executive having been obtained to proceed with, and the Code Independent Shareholders having approved at the SGM, the Tysan Trading Disposal in accordance with Note 4 to Rule 25 of the Takeovers Code;
- (b) all regulatory consents and authorisations of any Relevant Authorities which are necessary and required for the purpose of implementing and completing the Tysan Trading Disposal having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in any relevant jurisdiction;
- (c) all mandatory consents from banks and/or third parties, if any, in relation to the Tysan Trading Disposal required pursuant to any agreement to which it is a party having been obtained or waived by the relevant party(ies);
- (d) no governing action, court order or legal proceedings having been taken or made at any time prior to the completion of the Tysan Trading Disposal that has the effect of making unlawful otherwise prohibiting or restriction the consummation of the Tysan Trading Disposal, or any other transaction contemplated under the Tysan Trading SPA;
- (e) all representations and warranties in the Tysan Trading SPA being true and accurate in all material respects and not misleading in any material respect as of completion of the Tysan Trading Disposal;
- (f) the Share Offer having become or being declared unconditional in all respects; and

- (g) all guarantees or indemnities given by the Company or any of its subsidiaries and all security, charges, mortgages or pledges over the assets of the Company or any of its subsidiaries, in each case given for the purpose of securing the loans granted to Tysan Trading or any of its subsidiaries or securing the performance of the obligations or satisfaction of liabilities of Tysan Trading or any of its subsidiaries having been irrevocably and unconditionally released upon completion of the Tysan Trading Disposal (or if the release is subject to any conditions, such conditions having been fulfilled).

In the event that any of the above conditions precedent is not satisfied (or, in the case of (b), (c), (d) or (e), waived by Miss Jennifer Kwok) by the parties on or before the Long Stop Date, the Tysan Trading SPA will lapse and neither party to the Tysan Trading SPA will have any obligation or liability thereunder save for antecedent breach.

#### *Completion*

Subject to the satisfaction (or, in the case of (b), (c), (d) or (e), waiver by Miss Jennifer Kwok) of the above conditions precedent, completion of the Tysan Trading Disposal shall take place on the tenth Business Day after the First Closing Date or such other date as the parties may agree in writing.

#### *Information on Tysan Trading*

Tysan Trading is a company incorporated in Hong Kong with limited liability, which is owned as to 40% by Tysan Investment, 26% by Mr. Victor Fung, 24% by Miss Jennifer Kwok and 10% by Miss Miranda Ng, who is not a connected person of the Company.

Tysan Trading and its subsidiaries are principally engaged in the trading and distribution of merchandises.

The consolidated net asset value of Tysan Trading as of 31 December 2012, based on the audited accounts of Tysan Trading as at 31 December 2012, is approximately HK\$28,949,000. The consolidated net profits of Tysan Trading for the last two financial years ended 31 December 2011 and 2012 are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profits before taxation	10,135	12,513
Net profits after taxation	7,069	7,683

### *Reasons for the Tysan Trading Disposal*

Taking into account the possible Offers, the Company has agreed to restructure its shareholdings in non-core investments in the Group so as to focus on its property development and foundation piling business. For this reason, the Company has taken the step of disposing its 40% equity stake in Tysan Trading so that after completion, the Company ceases to have a direct or indirect equity interest in Tysan Trading.

### *Use of proceeds*

The Company intends to use the net proceeds from the disposal for general working capital of the Group.

### *Effect of the Tysan Trading Disposal*

Upon completion of the Tysan Trading Disposal, Tysan Investment will cease to have interest in Tysan Trading and its subsidiaries.

Based on the consideration of HK\$4,400,000 less the carrying value of the interests in Tysan Trading of approximately HK\$12,379,000 as at 31 December 2012, the Tysan Trading Disposal is expected to give rise to a loss attributable to the Company of approximately HK\$7,979,000. The actual gain or loss from the Tysan Trading Disposal to be recorded by the Company will depend on the financial position of Tysan Trading as at the completion date of Tysan Trading Disposal.

### **(5) Management Incentives to Miss Jennifer Kwok**

It is the current intention of Miss Jennifer Kwok that she will remain as a Director for up to six months after the Unconditional Date. As a reward for her service with the Company after the Unconditional Date, the monthly salary of Miss Jennifer Kwok shall be increased by 15% of the prevailing monthly salary as at the Unconditional Date for a period of up to six months with effect from the Unconditional Date. Miss Jennifer Kwok shall also be entitled to a contract-end bonus representing 115% of the amount of her bonus to be received from the Company for the calendar year ending 31 December 2013, pro-rated for the period from the Unconditional Date to the termination of her employment with the Company.

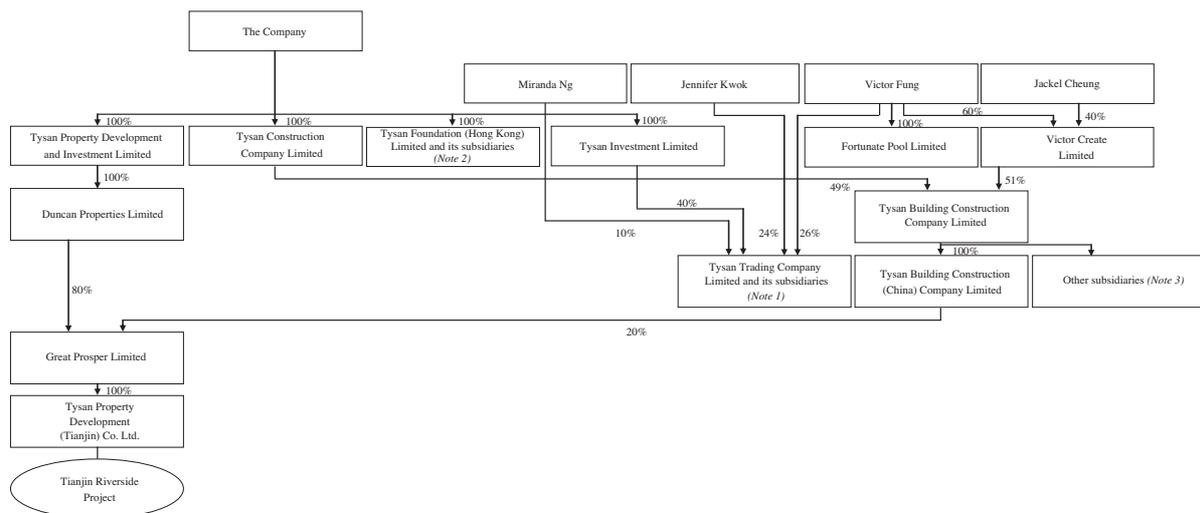
Miss Jennifer Kwok, being a party to the subject transaction, is interested in the transaction and had abstained from voting on the relevant Board resolution. In addition, in respect of all Special Deal Transactions, given that each of Mr. Francis Cheung, Mr. Victor Fung, Mr. David Chien and Mr. Jackel Cheung is required to abstain at the SGM to approve the Special Deal Transactions, so as to avoid the perception of a conflict of interest, each of them has also abstained from voting at the Board meeting in respect of resolutions approving the Special Deal Transactions (other than Mr. David Chien who did not attend the relevant Board meeting and therefore did not vote). The independent non-executive Director, Mr. Li Kit Chee,

being the sole member of the Code Independent Board Committee, did not vote on the relevant transaction and will defer his opinion on the transaction until after he has considered the advice of the Independent Financial Adviser, whose advice will be set out in the Circular.

The Board (excluding the Directors who abstained from voting for the reasons described above) considers that, given the Offers are conditional on the Code Independent Shareholders having at the SGM approved the Special Deal Transactions (of which this is one), the terms of the management incentives to be offered to Miss Jennifer Kwok are fair and reasonable.

### Shareholding Structures of Great Prosper, Tysan Foundation (Hong Kong), Tysan Building Construction and Tysan Trading

The shareholding structure of Great Prosper, Tysan Foundation (Hong Kong), Tysan Building Construction and Tysan Trading before completion of the Great Prosper Acquisition, Tysan Foundation (Hong Kong) Disposal, Tysan Building Construction Disposal and Tysan Trading Disposal is as follows:



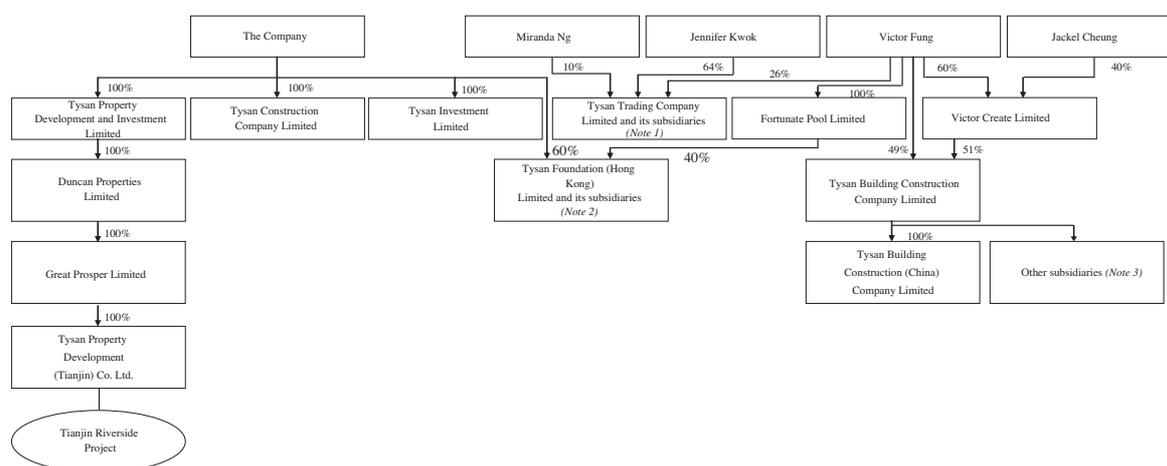
*Note 1:* Subsidiaries of Tysan Trading are 頓肯貿易(上海)有限公司 (Duncan Trading (Shanghai) Company Limited), 上海品派貿易有限公司 (Shanghai Pinpai Trading Company Limited\*) and 上海派藝貿易有限公司 (Shanghai Paiyi Trading Company Limited\*).

*Note 2:* Subsidiaries of Tysan Foundation (Hong Kong) are Tysan Contractors (Hong Kong) Limited, Tysan Foundation (China) Limited, Tysan Geotechnical Limited, Tysan Construction (Macau) Limited, Highgreat Limited, Tysan Machinery Hire Limited, Tysan Construction Equipment Trading Co. Ltd., Foundation Testing Services Limited, Tysan Foundation Limited and Tysan Foundation (Macau) Limited.

*Note 3:* Other subsidiaries are Tysan Project Management Limited, Tysan Decoration Limited and Mac Tysan Construction (Macau) Limited.

\* English translation of company names are for identification purposes only

The shareholding structure of Great Prosper, Tysan Foundation (Hong Kong), Tysan Building Construction and Tysan Trading immediately after completion of the Great Prosper Acquisition, Tysan Foundation (Hong Kong) Disposal, Tysan Building Construction Disposal and Tysan Trading Disposal is as follows:



*Note 1:* Subsidiaries of Tysan Trading are 頓肯貿易(上海)有限公司 (Duncan Trading (Shanghai) Company Limited), 上海品派貿易有限公司 (Shanghai Pinpai Trading Company Limited\*) and 上海派藝貿易有限公司 (Shanghai Paiyi Trading Company Limited\*).

*Note 2:* Subsidiaries of Tysan Foundation (Hong Kong) are Tysan Contractors (Hong Kong) Limited, Tysan Foundation (China) Limited, Tysan Geotechnical Limited, Tysan Construction (Macau) Limited, Highgreat Limited, Tysan Machinery Hire Limited, Tysan Construction Equipment Trading Co. Ltd., Foundation Testing Services Limited, Tysan Foundation Limited and Tysan Foundation (Macau) Limited.

*Note 3:* Other subsidiaries are Tysan Project Management Limited, Tysan Decoration Limited and Mac Tysan Construction (Macau) Limited.

\* English translation of company names are for identification purposes only

## **Takeovers Code Implications**

Since the Great Prosper Acquisition, the Tysan Foundation (Hong Kong) Disposal, the Tysan Building Construction Disposal, the Tysan Trading Disposal and the management incentives to Miss Jennifer Kwok are not capable of being extended to all Shareholders, each of the Great Prosper Acquisition, the Tysan Foundation (Hong Kong) Disposal, the Tysan Building Construction Disposal, the Tysan Trading Disposal and the management incentives to Miss Jennifer Kwok constitutes a special deal under Rule 25 of the Takeovers Code, which requires the consent of the Executive and such consent, if granted, will normally be conditional upon the Independent Financial Adviser publicly stating in its opinion that the terms of the Special Deal Transactions are fair and reasonable and the approval of the Code Independent Shareholders voting by way of a poll at the SGM.

An application will be made to the Executive for consent to proceed with the Special Deal Transactions under Rule 25 of the Code. Shareholders should note that such consent may or may not be granted by the Executive and, if such consent is not granted, the Special Deal Transactions will not proceed. As the obtaining of such consent is a pre-condition to the making of the Offers by the Offeror, the Offers will not be made if such consent is not obtained on or before the Long Stop Date.

## **Listing Rules Implications**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Tysan Building Construction Disposal is between 5% and 25%, the Tysan Building Construction Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Tysan Foundation (Hong Kong) Disposal and the Guarantees and Indemnities are between 25% and 75%, each of the Tysan Foundation (Hong Kong) Disposal and the Guarantees and Indemnities constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

As each of Mr. Victor Fung, Mr. Jackel Cheung and Miss Jennifer Kwok is an executive Director and hence a connected person of the Company, each of the Great Prosper Acquisition, the Tysan Foundation (Hong Kong) Disposal, the Guarantees and Indemnities, the Tysan Building Construction Disposal and the Tysan Trading Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Great Prosper Acquisition and Tysan Trading Disposal are more than 0.1% but less than 5%, each of the Great Prosper Acquisition and the Tysan

Trading Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of the Tysan Building Construction Disposal, the Tysan Foundation (Hong Kong) Disposal and the Guarantees and Indemnities is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the management incentives are offered to Miss Jennifer Kwok as part of her remuneration under her director's service contract with the Company, the offering of management incentives to Miss Jennifer Kwok with effect from the Unconditional Date does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Notwithstanding the requirements of the Listing Rules, as stated above, each of the Great Prosper Acquisition, the Tysan Foundation (Hong Kong) Disposal, the Tysan Building Construction Disposal, the Tysan Trading Disposal and the management incentives to Miss Jennifer Kwok is required to be approved by the Code Independent Shareholders as a special deal pursuant to Rule 25 of the Takeovers Code. Mr. Francis Cheung (together with Power Link, Long Billion, Easternfunds and Grand Thunder), Mr. Victor Fung, Miss Jennifer Kwok, Mr. David Chien, Mr. Jackel Cheung and Miss Miranda Ng shall abstain from voting on all the Shareholders' resolutions approving the Special Deal Transactions and the Non-exempt Connected Transactions at the SGM.

The SGM will be convened to approve, among other things (if any), the Special Deal Transactions and the Non-exempt Connected Transactions.

#### **INDEPENDENT BOARD COMMITTEES AND INDEPENDENT FINANCIAL ADVISER**

The LR Independent Board Committee, comprising all the independent non-executive Directors, will be established to consider the terms of the Tysan Building Construction Disposal, the Tysan Foundation (Hong Kong) Disposal and the Guarantees and Indemnities and to advise the LR Independent Shareholders on whether the Tysan Building Construction Disposal, the Tysan Foundation (Hong Kong) Disposal and the Guarantees and Indemnities are in the interests of the Company and the Shareholders as a whole and whether the terms of Tysan Building Construction SPA, the Tysan Foundation (Hong Kong) SPA and the Guarantees and Indemnities are on normal commercial terms and are fair and reasonable so far as the LR Independent Shareholders are concerned. Subject to the confirmation by the Stock Exchange, members of the LR Independent Board Committee comprises all independent non-executive Directors. If the Stock Exchange is of the view that it is more appropriate for the LR Independent Board Committee to consist of the same

member as the Code Independent Board Committee, this will be updated in the Circular. Pending the determination by the Stock Exchange, all independent non-executive Directors have abstained from voting on the board resolutions approving the Non-exempt Connected Transactions.

The Code Independent Board Committee has been established for the purpose of advising (i) the Code Independent Shareholders as to whether the terms of the Special Deal Transactions are fair and reasonable and the voting action that should be taken; and (ii) the Shareholders and the Optionholder on the Offers (if they are made).

Mr. Li Kit Chee is the sole member of the Code Independent Board Committee. As (i) each of the independent non-executive Directors (other than Mr. Li Kit Chee) are defendants of the Chien Legal Proceedings and that the discontinuation of the Chien Legal Proceedings is one of the Pre-Conditions and (ii) Mr. Tse Man Bun, an independent non-executive Director, is interested in 442,000 Shares as at the date of this announcement, the independent non-executive Directors (other than Mr. Li Kit Chee) are excluded from the Code Independent Board Committee.

An independent financial adviser will be appointed to advise (i) the Independent Board Committees and the Independent Shareholders as to whether the terms of the Special Deal Transactions and the Non-exempt Connected Transactions are fair and reasonable and the voting action that should be taken by the Independent Shareholders; and (ii) the Shareholders and the Optionholder on the Offers (if they are made).

## **CIRCULAR**

Further information about the Special Deal Transactions and the Non-exempt Connected Transactions will be included in the Circular in accordance with the Listing Rules and the Takeovers Code. The Circular is expected to be despatched to the Shareholders on or about 30 September 2013 as additional time is required by the Company for the preparation of the valuation reports to be included in the Circular.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 12 August 2013 pending the release of this announcement.

Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 19 August 2013.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

<b>“acting in concert”</b>	has the meaning ascribed to it in the Takeovers Code
<b>“associate(s)”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Banking Facilities”</b>	loans and/or the banking facilities provided by the Financial Institutions to Tysan Foundation (Hong Kong) or companies or entities in which Tysan Foundation (Hong Kong) has equity interest in respect of or in connection with the business of the Tysan Foundation (Hong Kong) Group
<b>“Barclays”</b>	Barclays Capital Asia Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the sole financial adviser to the Offeror in relation to the Offers
<b>“Blackstone”</b>	The Blackstone Group L.P. and its affiliates
<b>“Board”</b>	the board of Directors
<b>“Business Day”</b>	a day on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or a public holiday in Hong Kong)
<b>“Chien Legal Proceedings”</b>	the legal proceedings HCMP 841 of 2013 taken out by Mr. David Chien in the High Court of Hong Kong with the Company named as a respondent, and the legal proceedings HCMP 2892 of 2012 and HCMP 207 of 2013 taken out by Mr. David Chien in the High Court of Hong Kong against the Directors at the relevant time (other than Mr. Victor Fung, Mr. David Chien and Mr. Li Kit Chee)

<b>“Circular”</b>	the shareholders’ circular to be issued by the Company in relation to the Special Deal Transactions and Non-exempt Connected Transactions requiring Code Independent Shareholders’ and LR Independent Shareholders’ approval, respectively, together with the notice of the SGM
<b>“Closing Date”</b>	the date to be stated in the Composite Document as the First Closing Date or any subsequent closing date as and may be announced by the Offeror and approved by the Executive
<b>“Code Independent Board Committee”</b>	the independent committee of the Board, comprising Mr. Li Kit Chee, an independent non-executive Director, as the sole member which has been established to advise the Code Independent Shareholders and the Optionholder on the Special Deal Transactions and the Offers
<b>“Code Independent Shareholders”</b>	Shareholders who are not involved in or interested in the Special Deal Transactions. For the avoidance of doubt, Code Independent Shareholders shall exclude Mr. Francis Cheung (together with Power Link, Long Billion, Easternfunds and Grand Thunder), Mr. Victor Fung, Miss Jennifer Kwok, Mr. David Chien, Mr. Jackel Cheung and Miss Miranda Ng
<b>“Companies Act”</b>	the Companies Act 1981 of Bermuda, as amended from time to time
<b>“Company”</b>	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 687)
<b>“Composite Document”</b>	the composite offer and response document proposed to be jointly issued by the Offeror and the Company to all Shareholders and Optionholders in accordance with the Takeovers Code containing, among others things, the terms and conditions of the Offers, the acceptance and transfer form in respect of the Share Offer and the acceptance and cancellation forms in respect of the Option Offer

<b>“Conditions”</b>	the conditions of the Share Offer, as set out in the paragraph headed “Conditions of the Share Offer” in this announcement
<b>“connected person”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Connected Transactions”</b>	the Great Prosper Acquisition, Tysan Foundation (Hong Kong) Disposal (and the related documents including the Shareholders’ Agreement, the Deed of Counter-Indemnity and Guarantee and Indemnity Documents), Tysan Building Construction Disposal and the Tysan Trading Disposal
<b>“controlling shareholder”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Deed of Counter-Indemnity”</b>	a Deed of Counter-Indemnity to be executed by Fortunate Pool and Mr. Victor Fung jointly and severally in favour of the Company
<b>“Director(s)”</b>	director(s) of the Company
<b>“Duncan Properties”</b>	Duncan Properties Limited (頓肯房地產有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
<b>“Easternfunds”</b>	Easternfunds Limited (怡富有限公司), a company incorporated in Hong Kong with limited liability, being a trustee of a discretionary trust of which Mr. Francis Cheung is the founder
<b>“Executive”</b>	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
<b>“Final Closing Date”</b>	the final closing date of the Share Offer
<b>“Financial Institutions”</b>	licensed banks and other financial institutions or syndicates of the aforesaid which provide financial and banking facilities to their customers
<b>“First Closing Date”</b>	the first closing date of the Share Offer

<b>“Fortunate Pool”</b>	Fortunate Pool Limited (祥澤有限公司), a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is owned by Mr. Victor Fung
<b>“Grand Thunder”</b>	Grand Thunder Limited (創雷有限公司), a company incorporated in Hong Kong with limited liability, being a trustee of a discretionary trust of which Mr. Francis Cheung is the founder
<b>“Great Prosper”</b>	Great Prosper Limited (興懋有限公司), a company incorporated in Hong Kong with limited liability, the issued share capital of which is owned as to 80% by Duncan Properties and as to 20% by Tysan Building Construction (China)
<b>“Great Prosper Acquisition”</b>	the acquisition of 20% of the issued share capital of Great Prosper and the related shareholder’s loan by Duncan Properties from Tysan Building Construction (China) pursuant to the Great Prosper SPA
<b>“Great Prosper SPA”</b>	the sale and purchase agreement dated 16 August 2013 and entered into between Tysan Building Construction (China) as vendor and Duncan Properties as purchaser in relation to the Great Prosper Acquisition
<b>“Group”</b>	the Company and its subsidiaries
<b>“Guarantees and Indemnities”</b>	the guarantees, security and indemnities given by the Company and/or its subsidiaries (other than members of the Tysan Foundation (Hong Kong) Group) and contained in the Guarantee and Indemnity Documents made in favour of the Financial Institutions in respect of or in connection with the Banking Facilities
<b>“Guarantee and Indemnity Documents”</b>	the documents containing such guarantees, security and indemnities executed by the Company and/or its subsidiaries (other than members of the Tysan Foundation (Hong Kong) Group) in favour of the Financial Institutions in respect of or in connection with the Banking Facilities

<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Holdco”</b>	Tides Holdings I Ltd., a company incorporated in the British Virgin Islands with limited liability, the holding company of the Offeror
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Board Committees”</b>	the Code Independent Board Committee and the LR Independent Board Committee
<b>“Independent Financial Adviser”</b>	the independent financial adviser to be appointed by the Independent Board Committee
<b>“Independent Shareholders”</b>	the Code Independent Shareholders and the LR Independent Shareholders
<b>“Irrevocable Undertakings”</b>	the irrevocable undertakings dated 16 August 2013 given by (i) Mr. Francis Cheung, Power Link, Long Billion, Easternfunds and Grand Thunder, (ii) Mr. Victor Fung, and (iii) Mr. David Chien, in each case in favour of the Offeror
<b>“Last Trading Day”</b>	9 August 2013, being the last trading day of the Shares prior to the suspension of trading in the Shares on the Stock Exchange pending the publication of this announcement
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Long Billion”</b>	Long Billion International Limited, a company incorporated in the British Virgin Islands which is controlled by Mr. Francis Cheung
<b>“Long Stop Date”</b>	31 March 2014 (or any later date as the Offeror may agree with Mr. Francis Cheung, Mr. Victor Fung and Mr. David Chien)
<b>“LR Independent Board Committee”</b>	the independent committee of the Board comprising all the independent non-executive Directors which will be established to advise the LR Independent Shareholders on the Non-exempt Connected Transactions

<b>“LR Independent Shareholders”</b>	Shareholders other than those who have a material interest in the Non-exempt Connected Transactions (within the meaning of the Listing Rules)
<b>“Miss Jennifer Kwok”</b>	Miss Jennifer Kwok, an executive Director
<b>“Miss Miranda Ng”</b>	Miss Ng Ka Ping Miranda, a shareholder of Tysan Trading holding 10% of its issued share capital as at the date of this announcement
<b>“MOFCOM”</b>	the Ministry of Commerce of the PRC (中華人民共和國商務部)
<b>“Mr. David Chien”</b>	Mr. David Chien, an executive Director
<b>“Mr. Francis Cheung”</b>	Mr. Francis Cheung, the chairman of the Board, an executive Director and a controlling shareholder of the Company, the father of Mr. Jackel Cheung
<b>“Mr. Jackel Cheung”</b>	Mr. Harvey Jackel Cheung, an executive Director, a son of Mr. Francis Cheung
<b>“Mr. Victor Fung”</b>	Mr. Fung Chiu Chak, Victor, an executive Director
<b>“Non-exempt Connected Transactions”</b>	the Tysan Building Construction Disposal and the Tysan Foundation (Hong Kong) Disposal (and the related documents including the Shareholders’ Agreement and Guarantee and Indemnity Documents)
<b>“Offers”</b>	the Share Offer and the Option Offer
<b>“Offer Announcement”</b>	the joint announcement to be published jointly by the Offeror and the Company pursuant to Rule 3.5 of the Takeovers Code in respect of the Offers after the Pre-Conditions are satisfied or waived
<b>“Offer Period”</b>	has the meaning ascribed to it in the Takeovers Code
<b>“Offer Price”</b>	the price at which the Share Offer will be made, being HK\$2.86 per Share
<b>“Offeror”</b>	Tides Holdings II Ltd., a company incorporated in the British Virgin Islands with limited liability

<b>“Options”</b>	the outstanding options granted by the Company pursuant to the Share Option Schemes
<b>“Option Offer”</b>	the possible voluntary conditional cash offer to be made by Barclays on behalf of the Offeror for the cancellation of all outstanding Options at the consideration of HK\$1.40 per Option
<b>“Optionholder(s)”</b>	the registered holder of the Options
<b>“Other Blackstone Fund Entities”</b>	Blackstone Real Estate Holdings Asia-NQ-ESC L.P. and BREP Asia Feeder-NQ L.P., each a limited partnership established under the laws of the Cayman Islands, and Blackstone Family Real Estate Partnership Asia-SMD L.P., Blackstone Real Estate Holdings (Offshore) VII-NQ-ESC L.P., Blackstone Real Estate Partners (Offshore) VII T.E. 1-8 NQ L.P., Blackstone Real Estate Partners (Offshore) VII F-NQ L.P. and Blackstone Family Real Estate Partnership VII-SMD L.P., each a limited partnership established under the laws of Alberta, Canada
<b>“Power Link”</b>	Power Link Investments Limited, a company incorporated in the British Virgin Islands which is controlled by Mr. Francis Cheung
<b>“PRC”</b>	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
<b>“Pre-Conditions”</b>	the pre-conditions to the making of the Offers as set out under the section headed “Pre-Conditions to the Offers” in this announcement
<b>“Relevant Authorities”</b>	any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution;
<b>“relevant securities”</b>	has the meaning as defined in Note 4 to Rule 22 of the Takeovers Code
<b>“Settlement Agreement”</b>	the settlement agreement dated 16 August 2013 and entered into amongst the parties to the Chien Legal Proceedings

<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“SGM”</b>	a special general meeting of the Company to be convened to seek the approval of the Code Independent Shareholders in respect of the Special Deal Transactions and the LR Independent Shareholders in respect of the Non-exempt Connected Transactions
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.10 each in the share capital of the Company
<b>“Shareholders’ Agreement”</b>	the shareholders’ agreement to be entered into between the Company, Fortunate Pool, Mr. Victor Fung and Tysan Foundation (Hong Kong) in respect of their mutual agreement regarding the corporate governance of Tysan Foundation (Hong Kong) and the respective rights and obligations of the shareholders of Tysan Foundation (Hong Kong)
<b>“Share Offer”</b>	the possible voluntary conditional cash offer to be made by Barclays on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it)
<b>“Share Option Schemes”</b>	collectively, the 2002 Share Option Scheme and the 2012 Share Option Scheme
<b>“Shareholder(s)”</b>	holder(s) of Share(s)
<b>“Special Deal Transactions”</b>	the Great Prosper Acquisition, the Tysan Foundation (Hong Kong) Disposal (and the related documents including the Shareholders’ Agreement, the Deed of Counter-Indemnity and Guarantee and Indemnity Documents), the Tysan Building Construction Disposal, the Tysan Trading Disposal and the offer of management incentives to Miss Jennifer Kwok
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Takeovers Code”</b>	the Hong Kong Code on Takeovers and Mergers

<b>“Tianjin Riverside Project”</b>	the property development project known as “The Riverside” which is located at the South Side of the junction of Tai Er Zhuang Road and Qiongzhou Road, Hexi District, Tianjin, PRC
<b>“Tysan Building Construction”</b>	Tysan Building Construction Company Limited (泰昇建築工程有限公司), a company incorporated in Hong Kong with limited liability, the issued share capital of which is owned as to 49% by Tysan Construction and as to 51% by Victor Create
<b>“Tysan Building Construction (China)”</b>	Tysan Building Construction (China) Company Limited (泰昇建築工程(中國)有限公司), a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is owned by Tysan Building Construction
<b>“Tysan Building Construction Disposal”</b>	the disposal of 49% of the issued share capital of Tysan Building Construction and the related shareholder’s loan by Tysan Construction to Mr. Victor Fung pursuant to the Tysan Building Construction SPA
<b>“Tysan Building Construction SPA”</b>	the sale and purchase agreement dated 16 August 2013 and entered into between Tysan Construction as vendor and Mr. Victor Fung as purchaser in relation to the Tysan Building Construction Disposal
<b>“Tysan Construction”</b>	Tysan Construction Company Limited (泰昇建築有限公司), a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of the Company
<b>“Tysan Foundation (Hong Kong)”</b>	Tysan Foundation (Hong Kong) Limited (泰昇地基(香港)有限公司), a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of the Company
<b>“Tysan Foundation (Hong Kong) Group”</b>	Tysan Foundation (Hong Kong) and its subsidiaries

<b>“Tysan Foundation (Hong Kong) Disposal”</b>	the disposal of 40% of the issued share capital of Tysan Foundation (Hong Kong) and the related shareholder’s loan by the Company to Fortunate Pool pursuant to the Tysan Foundation (Hong Kong) SPA
<b>“Tysan Foundation (Hong Kong) SPA”</b>	the sale and purchase agreement dated 16 August 2013 (and as amended on 18 August 2013) and entered into between the Company as vendor and Fortunate Pool as purchaser in relation to the Tysan Foundation (Hong Kong) Disposal
<b>“Tysan Investment”</b>	Tysan Investment Limited (泰昇投資發展有限公司), a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of the Company
<b>“Tysan Trading”</b>	Tysan Trading Company Limited (泰昇貿易有限公司), a company incorporated in Hong Kong with limited liability, the issued share capital of which is owned as to 40% by Tysan Investment, as to 26% by Mr. Victor Fung, as to 24% by Miss Jennifer Kwok and as to 10% by Miss Miranda Ng
<b>“Tysan Trading Disposal”</b>	the disposal of 40% of the issued share capital of Tysan Trading by Tysan Investment to Miss Jennifer Kwok and the related shareholder’s loan to Miss Jennifer Kwok pursuant to the Tysan Trading SPA
<b>“Tysan Trading SPA”</b>	the sale and purchase agreement dated 16 August 2013 and entered into between Tysan Investment as vendor and Miss Jennifer Kwok as purchaser in relation to the Tysan Trading Disposal
<b>“Unconditional Date”</b>	the date on which the Share Offer becomes or is declared unconditional in all respects
<b>“Undertaking Shareholders”</b>	Mr. Francis Cheung, Power Link, Long Billion, Easternfunds, Grand Thunder, Mr. Victor Fung and Mr. David Chien

<b>“Victor Create”</b>	Victor Create Limited (華泰基業有限公司), a company incorporated in Hong Kong which issued share capital is owned as to 60% by Mr. Victor Fung and as to the remaining 40% by Mr. Jackel Cheung
<b>“2002 Share Option Scheme”</b>	the share option scheme adopted by the Company on 28 August 2002
<b>“2012 Share Option Scheme”</b>	the share option scheme adopted by the Company on 8 August 2012
<b>“%”</b>	per cent.

By order of the board of  
**TIDES HOLDINGS II LTD.**  
**Anthony Beovich**  
*Director*

By order of the board of  
**TYSAN HOLDINGS LIMITED**  
**Francis Cheung**  
*Chairman*

Hong Kong, 19 August 2013

*As at the date of this announcement, the executive Directors of the Company are Mr. Francis Cheung; Mr. Fung Chiu Chak, Victor; Mr. David Chien; Miss Jennifer Kwok; Mr. Chiu Chin Hung; Mr. Lau Kin Fai and Mr. Harvey Jackel Cheung; and the independent non-executive Directors of the Company are Mr. Fan Chor Ho; Mr. Tse Man Bun; Mr. Lung Chee Ming, George and Mr. Li Kit Chee.*

*As at the date of this announcement, the directors of the Offeror are Mr. Anthony Beovich and Ms. Pinda Eng.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group and the Shareholders), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group and the Shareholders) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to the Group and the Shareholders) the omission of which would make any statement in this announcement misleading.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to the Offeror and parties acting in concert with it) the omission of which would make any statement in this announcement misleading.*

Company website: [www.tysan.com](http://www.tysan.com)